



Family Planning Service Expansion and Technical Support (SEATS II)

GUIDE TO LEVERAGING

How to Mobilize and Diversify Resources for Reproductive Health

June 2000

The goal of the Family Planning Service Expansion and Technical Support (SEATS) Project is to expand access to and use of high-quality, sustainable family planning and reproductive health services.

John Snow, Inc. (JSI), an international public health management consulting firm, heads a group of organizations implementing the SEATS Project. These include the American College of Nurse-Midwives (ACNM), AVSC International, Initiatives, Inc., the Program for Appropriate Technology in Health (PATH), Social Sector Development Strategies (SSDS), World Education, and partner organizations in each country where SEATS is active.

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Acronyms

AIDS	Acquired Immune Deficiency Syndrome
AUSAID	Australian Agency for International Development
CBD	Community-Based Distribution/Distributor
CEDPA	Center for Development and Population Activities
CONAPO	Mexican National Population Council
COWAN	Country Women's Association of Nigeria
CPR	Contraceptive Prevalence Rate
CRY	Child Relief and You
CYP	Couple-year of Protection
DFID	United Kingdom Department for International Development
EC	European Commission
ERC	Electronic Resource Center
FEMAP	Federacion Mexicana de Asociaciones Privadas de Salud y Desarrollo Comunitario
FP	Family Planning
FPIA	Family Planning International Assistance
FPLM	Family Planning Logistics Management
FPMD	Family Planning Management Development
GTZ	German Technical Cooperation
HIV	Human Immunodeficiency Virus
ICOMP	International Council on Management of Population Programmes
ICPD	International Conference on Population and Development
IEC	Information, Education, and Communication
IFRG	International Fund Raising Group
IPPF	International Planned Parenthood Federation
IFRG	International Fundraising Group
ITM	Institute of Tropical Medicine
JICA	Japanese International Cooperation Agency
JOICFP	Japanese Organization for International Cooperation in Family Planning
JSI	John Snow, Inc.
KfW	German Bank for Reconstruction
MEXFAM	Fundacion Mexicana para la Planeacion Familiar
MHO	Mutual Health Organization
MOH	Ministry of Health

MOST	Management and Organizational Sustainability Tool
MSH	Management Sciences for Health, Inc.
NGO	Nongovernmental Organization
NNG	National Network of Grantmakers
OC	Oral Contraceptive
PACT	Private Agencies Cooperating Together
PATH	Program for Appropriate Technology in Health
PCDA	Population and Community Development Association
PO	Purchase Order
PPAT	Planned Parenthood Association of Thailand
PSI	Population Services International
PVO	Private Voluntary Organization
RACHA	Reproductive and Child Health Alliance
RH	Reproductive Health
RHAC	Reproductive Health Association of Cambodia
RHSA	Reproductive Health Services Association
RHO	Reproductive Health Organization
SEATS	Family Planning Service Expansion and Technical Support Project
Sida	Swedish International Development Agency
STD	Sexually Transmitted Disease
STI	Sexually Transmitted Infection
SWOT	Strengths, Weaknesses, Opportunities, and Threats
TA	Technical Assistance
UN	United Nations
UNAIDS	United Nations AIDS Program
UNDP	United Nations Development Programme
UNFPA	United Nations Population Fund
UNICEF	United Nations Children's Fund
USAID	United States Agency for International Development
VSC	Voluntary Surgical Contraception
VSO	Voluntary Service Organization
WAF	World AIDS Foundation
WB	World Bank
WHO	World Health Organization

Glossary

Collateral: Something of value that is used to guarantee repayment of a loan, i.e. a building, land, equipment. If loan repayments are not made, the lender can legally take the item(s) used for collateral from the recipient.

Cost analysis: The examination of expenditures to determine how resources have been spent.

Cost(s): The value of a good or service.

Average cost(s): The cost per unit of outcome, computed by dividing the total cost by the number of units of outcome, also called **unit or mean cost**.

Capital cost(s): Costs of items which have a life expectancy of one year or more, usually land, buildings, vehicles, and equipment. Also called **development costs**.

Development cost(s): See “**Capital cost(s)**.”

Direct cost(s): Costs that are directly attributable to a program, project, product, or activity, such as the cost of gasoline used by project vehicles for project work.

Fixed cost(s): Costs that do not vary with minor changes in program size. Examples include the cost of buildings, permanent staff, and medical equipment.

Indirect cost(s): Costs that are not directly attributable to a program, project, product, or activity, but which are incurred in support of those direct activities. Overhead, fringe benefits, general, and administrative expenses are typical indirect cost categories.

Monetary cost(s): Financial expenditures incurred in purchasing a product or service.

Non-monetary cost(s): The value of resources (or inputs) to the program that have not been paid for. Examples are volunteer time, donated space, and time and effort spent by clients to come to service sites.

Operating cost(s): See “**Recurrent cost(s)**.”

Recurrent cost(s): Costs of items that are purchased and used (or replaced) within a period of one year or less, such as personnel salaries, medicines and supplies, gasoline, and utilities. Also called “**Operating cost(s)**.”

Unit costs: See “**Average cost(s)**.”

Variable cost(s): Costs that vary with program size. Examples include the cost of drugs, gasoline, and vehicle maintenance.

Earmark: To set aside or reserve resources for a specific purpose. These resources may only be used for the purpose indicated. For example, a grant earmarked for building and operating a clinic could not be used to send staff overseas for graduate level training.

Effectiveness: The degree to which objectives (desired outcomes) are achieved. For example, if a program's objective is to reach 10,000 women, it would be 90 percent effective if it reached 9,000 women.

Efficiency: The achievement of objectives without wasting resources; the relationship of output to input. For example, in two programs that use the same amount of resources, program A, which screens 10 mothers/day, is more efficient than program B, which screens five mothers/day.

Expenditures: The amount of money spent.

Grace period: A period of time during which loan payments do not need to be made. Interest on the loan may continue to accrue.

Income: Funds received from contributions, donations, allotments, and/or sales of products and services. Sometimes called "**Revenue.**"

Inputs: Resources (human, materials and supplies, equipment and facilities, information, and money) used to generate outputs.

Leverage: The ability of an organization to use its existing organizational assets (staff, quality services, buildings and equipment) to mobilize additional resources.

Management: The art and science of getting things done through people.

Marketing: A systematic process that creates and facilitates exchanges that help satisfy individual and organizational needs. It involves identifying the needs and wants of the clients, and delivering them more effectively and efficiently than alternative providers.

Outputs: Products and services provided by a program.

Revenue: Money received. See "**Income.**"

Social Capital: The relationships developed with individuals and organizations in the community.

Sustainability: The capacity of an organization to continue the provision of high quality services to its intended population at a steady or growing level while lessening dependence on external support.

Chapter 1

Overview

What is leveraging and why is it important?

Funding for reproductive health activities has fallen significantly in recent years. Even the fanfare following the 1994 International Conference on Population and Development (ICPD) in Cairo has not helped to reverse this trend. Population development aid fell some 18 percent between 1995 and 1996 (excluding World Bank loans). This decline is happening at the same time as the population in developing countries and the need for reproductive health services are expanding.

Many reproductive health organizations (RHOs) are struggling to meet the growing demand for their services in the face of these diminishing resources. They recognize that failure to attract adequate resources threatens the quality and level of the services they can provide. It can even jeopardize the very survival of their organization. RHOs have been forced to reassess both their use of resources and their funding portfolio. Some have been notably successful (see box on “A leveraging success story”).

This Guide is designed to help organizations tackle the difficult task of securing the financial support needed to ensure their future. The term “leveraging” is used to describe this process of **mobilizing additional resources to support the provision of services**. It can be applied to a whole range of different resources including cash grants, in-kind donations, and technical advice.

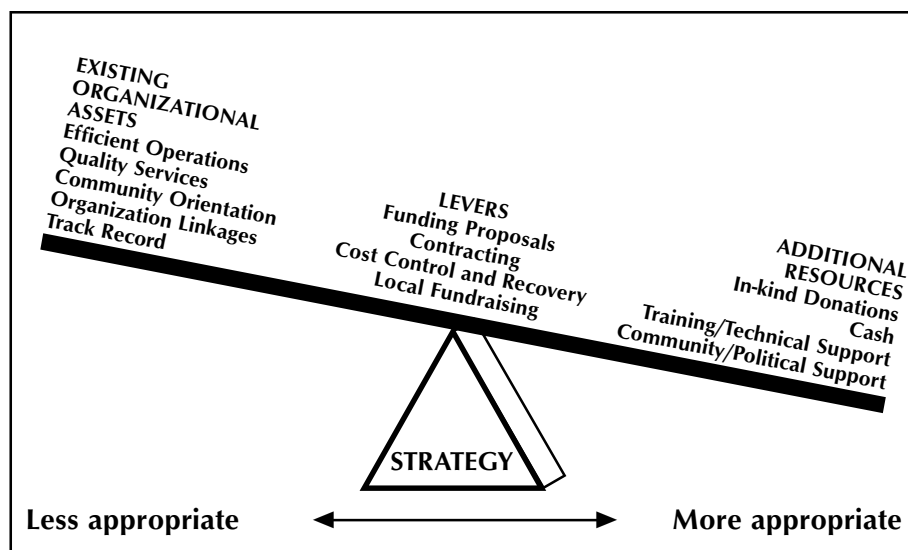
Donor support for reproductive health activities has fallen in recent years.

A “leveraging” success story

The Reproductive Health Association of Cambodia (RHAC) has had considerable success in generating additional financial support for its operations using many of the leveraging tools and approaches discussed in this Guide. RHAC began in 1994 as a project funded by the United States Agency for International Development (USAID) and managed by Family Planning International Assistance (FPIA), registering as a locally managed and staffed non-governmental organization (NGO) in 1996. In 1997, it embarked on a comprehensive program of systematic organizational strengthening as a foundation for its ambitious leveraging strategy. The result was significant growth and diversification of the organization’s resource base. By 1999, USAID support was reduced to less than 60 percent of the organization’s total costs as more than a half-dozen new local and international donors now provide financial and in-kind support for various RHAC programs.

“Leveraging” conveys something important about the process—namely that tools and techniques can be used to “lever” these additional resources from existing assets. Figure 1.1 depicts this relationship simplifying, like all models, what is a complex and often messy reality.

Figure 1.1 Model of leveraging



“Leveraging” involves the use of existing organizational assets to mobilize additional resources.

The assets that an organization can exploit in leveraging new resources can include a range of things—material assets such as property or capital equipment, the skills, knowledge, and networks of its staff, and even its reputation for quality services. These assets influence the process of leveraging. They represent the “weight” an organization can bring to bear. The more impressive an organization’s existing assets, the easier it is for an organization to access further support.

But Figure 1.1 reveals a key point about leveraging that can be easily overlooked. Whatever the advantages an organization has in terms of existing assets, these can only really be realized with a properly positioned lever and fulcrum—in other words an appropriate selection of tools and a good leveraging strategy. The more appropriate the choice of strategy—the better it “fits” or reflects the RHO’s mission, strengths, resource needs, and operating environment—the more successful the leveraging process is likely to be.

A leveraging tool can take many forms. It could be a new service or product that generates client fees. Or it may be an increase in the price that clients pay. It can be a networking contact made by the RHO Director at a conference with a trustee of a foundation or a grant proposal that builds on that initial contact. It can be collaboration with a local organization to extend access to services. Or it may take the form of a local fundraising raffle and dance. Adopting cost-saving measures that make service delivery more efficient is yet another approach.

It is possible for an RHO to expand its funding and the scope of operations too quickly. The demands of multiple funding agencies together with expanded activities can threaten the quality of service delivery and ultimately undermine an organization's reputation. But this is a problem few RHOs are fortunate enough to face. Most are struggling with too few rather than too many resources. Helping RHOs to develop an appropriate leveraging strategy for their particular organization is the purpose of this Guide.

An organization's assets, no matter how substantial, can only be effective in leveraging additional resources if an appropriate leveraging strategy is in place.

RHAC's experience of the leveraging trade-offs

After its successful leveraging efforts, RHAC found itself with an ambitious portfolio of activities. A new clinic, expansion of a small adolescent program in one city to three cities and six provinces, assistance for two international NGOs with adolescent programs, and expansion and overhaul of the community-based distribution program. All these new program activities required significant expansion of RHAC's training, research, marketing, and information, education, and communication (IEC) departments, and also placed considerable pressure on accounting and administration departments.

An added problem was diversion of the attention of the most senior (and most skilled) RHAC staff away from internal program planning and management matters and the organization's mission. These staff found themselves devoting much of their time responding to the requests of many funding agencies for information.

Structure and use of the Guide

This Guide consists of 14 chapters organized into four sections:

- ✦ Section I—*Introduction*—describes the principles of leveraging and introduces the idea of leveraging as an “exchange” process posing marketing challenges.
- ✦ Section II—*Potential Sources of Leverage*—describes in detail the features of each of the four main sources of funding with an opportunity for the reader to apply the concepts to their own organization at the end of each chapter: internal sources (Chapter 3), clients (Chapter 4), community (Chapter 5), and donors (Chapter 6). Chapter 7 provides several exercises designed to help the reader to map out the broad financing options available to their organization, and to collect some basic information on each of these.
- ✦ Section III—*Building the Strategy*—focuses on the organization that is seeking to leverage additional resources. This section explains how to conduct three key pieces of organizational analysis—preparing/revising a mission statement, doing an

Additional resources

This guide provides a comprehensive, not exhaustive, discussion of the topics related to leveraging. To supplement the main text, the Guide includes:

Resources: *An annotated reference to additional sources of information, tools, websites, and organizations.*

Annexes: *Information necessary to apply the leveraging concepts presented to an organization. Includes contact information for a number of bilateral and multilateral donors, foundations, international NGOs, volunteer organizations, and intermediaries (Annex 1).*

organization diagnosis, and analyzing the existing income base (Chapter 8). It then outlines a procedure for determining what are the amounts and kind of resources that need to be leveraged (Chapter 9). It concludes by bringing together the material from these two chapters with the resource matrix from Chapter 7 to guide the reader on how to make a good match between the potential sources of support and organizational needs (Chapter 10). This forms the basis for an appropriate leveraging strategy.

- ✦ Section IV—*Implementing Your Leveraging Strategy*—discusses the importance of “image” for an organization (Chapter 11) and examines practical aspects of accessing the required resources from the sources that have been identified as appropriate—client fees (Chapter 12), community support (Chapter 13), and donor proposals (Chapter 14).

Each chapter ends with a list of key references to other sources of information the reader can consult for more in-depth or technical discussion of the issues presented in the Guide. These references are annotated and consolidated in the Resources section that follows the last chapter.

Some of the sections are primarily devoted to providing information. This is true of Sections II and IV that describe respectively the nature of the sources of funding and procedures for accessing them. The emphasis in Section III is rather different. Most of this section presents the analytical procedures for developing a leveraging strategy. So, while each chapter in the Guide concludes with an exercise to help the reader apply the concepts and techniques to his or her own organization, the exercises in Section III are particularly important.

It is possible to use the Guide in many ways—reading through the whole text to get the flavor of the approach, consulting it periodically for specific information, or using it as a reference in a training setting. Whatever the approach, we would strongly recommend doing the exercises, even if initially in rather a superficial way. Most of the exercises are linked—the results of one being used as inputs to another. Working systematically through the Guide will lead the reader by the end of Section III to the development of a leveraging strategy that is tailored to his or her own organization.

Many organizations will already have prepared some of the documentation and analysis described in the Guide as part of their normal planning and management procedures. They can use the exercises as an opportunity to update or confirm that existing documentation.

Who this Guide can help

This Guide should prove useful to reproductive health organizations in many different circumstances. This would include any RHO which:

- ✦ Receives most of its financial support from just one or two external agencies
- ✦ Is seen more as the implementing agency of donor projects than as an independent RHO
- ✦ Is considering implementing a program (e.g., safe abortions, adolescent program on sexuality) that is viewed as controversial by its major funding source
- ✦ Is not collaborating widely with government departments and NGOs
- ✦ Does not know what products and services its clients are most willing to pay for and how much they are willing and able to pay
- ✦ Receives aid from multilateral or bilateral donors who are likely to reduce their support in the future
- ✦ Is facing a rapidly changing political, economic, or demographic situation
- ✦ Is not receiving service contracts or contributions from the local business community
- ✦ Does not have an advisory or governing body that assists in mobilizing and diversifying resources.

This Guide, with its basic discussions of leveraging principles, its many exercises, and its extensive list of references, should also prove useful to those who work as advisors and consultants to the managers and senior leadership of these RHOs.

Chapter 2

Successful Leveraging

Exchange-The essence of leveraging

Leveraging is first and foremost a marketing challenge. To attract resources to your organization you need to offer something in exchange. What you offer needs to be of *value* to those providing the resources. There can be no leverage where there is no demand for the services that you offer. This is most obvious when the resources are the fees that clients pay for the services they receive, but it also holds true in the case of technical or financial resources that are obtained from third parties such as government and donor organizations.

“Marketing” involves identifying the needs and wants of the clients you wish to serve, and delivering them more effectively and efficiently than alternative providers. It is the key to achieving organizational goals and objectives. *Exchange* is the basis—the essence—of marketing. Two or more parties offer something of value to each other—something that satisfies their respective needs.

Anything that is valued by the other party, tangible or intangible, can be exchanged. Health and family planning products and services are tangible benefits valued by clients for which they may be prepared to pay money to the provider. Intangible benefits, including enhanced power, prestige, or reputation, are also valued and may be sought by either providers or their clients. Sometimes what is requested in exchange is information or acknowledgment, sometimes in an unusual form (see box below).

To leverage additional resources you need to offer something of value in exchange.

Using information in an exchange

When assistance takes the form of tangible products that can be used directly by intended clients—e.g., water pumps, bicycles, school supplies—donors may require, in exchange, detailed information which they can then use for continued fundraising efforts. For example, a donor provided RHAC with 250 bicycles to support community-based outreach activities. It required in exchange a photograph of each recipient receiving one of the bicycles and a note of appreciation to each of the cities that donated the bicycles.

Everything a market-oriented RHO does has the client in mind, whether the client is someone seeking reproductive health services or a donor seeking to fulfill its objectives.

A focus on clients

Marketing is a systematic process that creates and facilitates exchanges that help satisfy individual and organizational needs. It does this by being client-focused. Everything a market-oriented health care provider does—from delivering services to populations to approaching local and international donors for various types of support—is done with the client in mind.

This is a different way of thinking from the product-oriented approach where the provider decides what products and services best meet the needs of clients. With such an approach, the emphasis will be on clinical quality and little importance will be attached to aspects such as cost and convenience to the client.

A marketing approach also leads organizations to think differently about traditional sources of financial and technical support. Such support is often taken for granted and is assumed to be a natural and reliable response to the social benefits implied in an organization's mission. But the sources of this support have missions and objectives of their own. Local governmental authorities, not-for-profit organizations, wealthy or influential private individuals, and international development organizations all have their own expectations and interests regarding such issues as financial accountability, program efficiency, clients to be served, and the types and sustainability of services to be provided.

To be successful in today's increasingly competitive funding environment, it is not enough simply to present proposals to as many local and international organizations as possible in the hope that one or more will respond with the needed resources. It is essential to be aware of the individual requirements and interests of each potential donor and orient your approach to each accordingly.

Different types of exchange

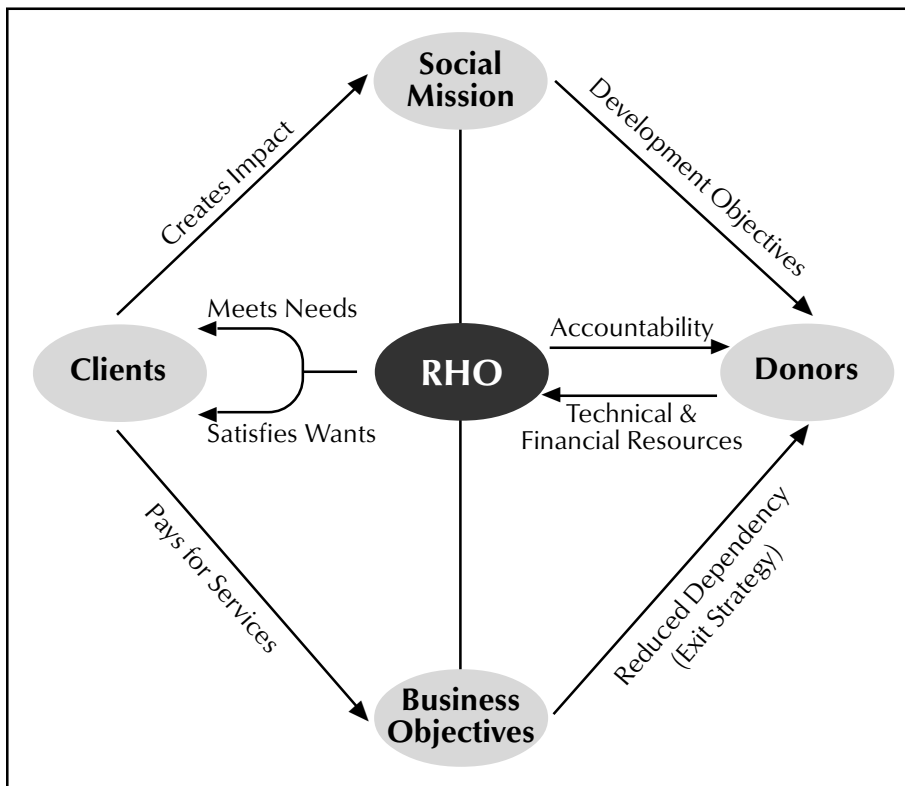
The most common types of exchange between a reproductive health organization and its various clients are represented below in Figure 2.1: RHO exchange relationships. This depicts the RHO as a social enterprise, an organization with both a social mission (to contribute to the common good) and business objectives (to ensure scarce resources are used efficiently). Both aspects of the RHO need to be addressed when thinking strategically about resource leveraging.

The left side of Figure 2.1 reflects the exchange relationship between the RHO and those it provides with reproductive health or other services and products. The RHO is responding to the needs and wants of its clients. In exchange it realizes two sets of benefits for itself. First, by effectively meeting as many of the mission-relevant needs of as many people as possible, it helps satisfy its social mission. Second, if it recovers some portion of the costs from the recipients of the products and services, it contributes to its business objectives.

In the case of individual clients, this exchange is recognizable as the fee-for-service model that has traditionally been associated with the private sector provision of health services. But it is also possible that the clients served are other organizations, not individuals. For example, other not-for-profit organizations may pay tuition fees to send their staff to an

In a market exchange an RHO needs to address both its social mission and business objectives.

Figure 2.1 RHO exchange relationships



Adapted from *Exchanging Value for Value*. Dunford, Christopher. (Sustainable Development Services Project, 1998).

RHO's training program; or a commercial organization may be willing to purchase analytical services or to pay for access to an existing distribution network that it could use for its own products or services. The basis for this transaction, however, is essentially the same as for individual clients—a mutually beneficial exchange.

As a service business, an organization needs to consider the marketing issues involved in charging fees to recipients of its goods or services. The organization needs to know enough about its intended population to be able to tailor its products and services to their specific needs and wants, a process which may require providing different services for different subgroups.

Most organizations that provide health and family planning services cannot generate all the revenues they need through user fees. Some revenue will need to come from other sources, usually donors, who subsidize the services provided by the organization to its intended populations. The RHO's relationship with donor clients is reflected in the exchange depicted on the right side of Figure 2.1. Donor clients may be local governments, private organizations, individuals, or international organizations. In exchange for the technical or financial resources they provide, the RHO offers them two kinds of benefits:

- ✦ The first benefit is the RHO's programmatic impact that the donor is able to facilitate through its support. For example, through the RHO the donor may be able to reach a particular population group—such as adolescents, or populations located in a particular country or setting—which its own mission mandates it to serve.
- ✦ The second benefit is an accurate and timely reporting of how the assistance received was used. Funding agencies see their support as an investment made on behalf of their own supporters. They want to demonstrate to their supporters what has been accomplished with their funds. They also hope to learn from the experience of the RHO. The ability to satisfy a funding agency's requirements for accountability and information is a key element in any leveraging strategy.

The box on the next page describes the network of exchanges involved in the provision of oral contraceptives (OCs) to individual clients in a hypothetical example.

Getting the right kind of exchange

Developing an effective leveraging strategy involves identifying and pursuing the right kind of exchanges—those where the costs of the demands made from the funding source do not outweigh the resource benefits to the RHO.

Network of exchanges with the provision of oral contraceptives

Donor: *The donor's provision of free oral contraceptives (OCs) reflects its public commitment to the goals of the Cairo Conference, and addresses the concerns of important domestic political interest groups. The reports it requires from the RHO are used to demonstrate that this commitment is, in fact, being honored. At the same time, by requiring that the OCs be sold and the proceeds used to procure replacement supplies, the donor contributes to its own development objective of promoting the sustainability of its RHO clients, and of gradually reducing its support over time.*

RHO: *The receipt of free OCs for resale to its clients contributes both to the RHO's ability to meet the reproductive health needs of its clients, as well as to the achievement of its own long-term objective of enhancing its financial sustainability. In return, the RHO has developed and maintained an effective information system that provides its donors with accurate and timely reports on its financial and program operations.*

Individual Clients: *The availability of affordable OCs adds to a client's range of method choice, particularly for those interested in controlling the spacing of their births. The responsiveness and courtesy of the RHO's clinical staff in addressing client questions and concerns is sufficiently different from the experience in public clinics that clients are prepared to pay for this service.*

An appropriate leveraging strategy requires the right exchange, one where the benefits are greater than the costs of acquiring the resources.

To make a good judgment about the kind of exchanges that are appropriate to pursue, an RHO needs to know what potential funding sources can provide and what they will, in turn, demand. Section II identifies the kind of information an RHO needs to have on funding sources, describes some of this information, and provides advice on how to get further details.

An RHO also needs to know itself well, particularly its needs (in terms of resources, and satisfying its mission and financial goals), and its capacity to respond to the demands of funding sources. Section III provides guidance on how to obtain that information, and then match the organization with suitable funding sources—i.e., identifying suitable exchanges.

Making these exchange possibilities a reality requires following certain procedures and principles. Section IV details some of the most important of these.

Identifying the right kind of exchanges as well as the right funding sources and mechanisms is something that each RHO has to do for itself by working through the kind of analytical procedure set out in this Guide. There are, however, some general guiding principles that can

The cost of donations

RHAC accepted the donation of equipment and supplies for a sterilization unit along with training for providers. This was within the scope of the organization's mission but the implications were not fully considered. Installation of the equipment required an additional US\$15,000 from RHAC's own funds. Even with that investment, the unit was relatively idle due to the absence of demand for the procedure and the lack of preliminary market research to plan an effective promotional campaign.

Satisfy your donor's needs, but avoid being donor-driven.

assist in this process. With these principles in mind, continue reading through the Guide to learn how to build a successful leveraging strategy:

- ✦ **Avoid the temptation to accept every donation that comes along.** Review an offer of funding carefully to determine the contribution it would make to the organization, the additional costs implied, and the constraints or demands it imposes.
- ✦ **Avoid being donor-driven.** Changing program objectives in order to attract donor interest rather than satisfy community demand is detrimental to long-term viability.
- ✦ **Seek funding that does not depend too heavily on "project" funding.** Project funding is typically narrowly focused, time limited, and tightly controlled by donors. It can restrict an organization's flexibility in responding to changes in the environment and can limit the ability to plan over the long term.
- ✦ **Strive for an appropriate level of funding diversification.** An organization with very few funding sources is particularly vulnerable should any funding source be withdrawn, and can, as a result, lose some of its decision-making freedom. Diversification of funding provides a more secure financial base.
- ✦ **Seek funding that does not demand too much from your organization in relation to the benefits it offers.** Would the reporting and documentation demands of a grant distract you from your key program activities? Are the risks of the repayment demands of a loan worthwhile? Are the relatively small amounts of a foundation's funding worth the effort of accessing it?

Applying the concepts-Exploring the idea of exchange in your organization

Select one reproductive health product or service that you currently provide. Identify the parties to the exchanges involved in the provision of this product or service and record them in Table 2.1 below. Briefly note what each of these parties provides, and what benefit(s) each derives from its participation in these exchanges in Table 2.1.

Product/Service: _____

Table 2.1: Exchange in your organization

Exchange participants	Your RHO . . .	
	Receives the following benefits:	In exchange for providing:
Donors:		
Clients:		
Community:		
Other individuals/ Organizations:		

Resources

Essentials of Health Care Marketing. Eric N. Berkowitz. (Gaithersburg, MD: Aspen Publishers, Inc., 1996).

Social Marketing: Strategies for Changing Public Behavior. Philip Kotler and Eduardo Roberto. (New York, NY: The Free Press, 1989).

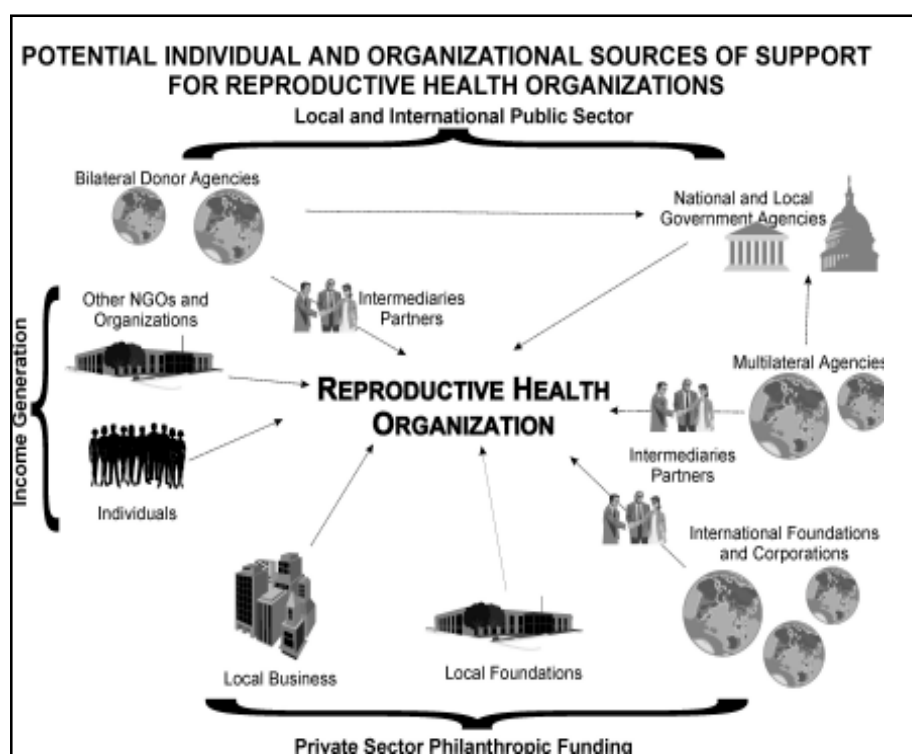
Strategic Marketing for Nonprofit Organizations. 5th ed. Philip Kotler and Alan Andreasen. (Englewood Cliffs, NJ: Prentice Hall, 1995).

There are many potential sources of leverage—national and local governments, bilateral and multilateral organizations, foundations and trusts, individuals, local and multinational business, NGOs, and private voluntary organizations (PVOs) (see Figure). They differ in the way they provide resources: some through intermediaries, others directly; some purchasing services, others investing in the program or organization. They also differ in what they value, their motives for giving, and the demands they make of funding recipients. The more you know about potential funders, their funding priorities, and their constraints the better able you will be to mobilize resources.

External sources of funds can be grouped into three segments, the members of which are broadly similar in their needs and in their likely responses to what you offer:

- ✦ Individuals or organizations who use the services or products you provide
- ✦ Agencies whose purpose is to support other organizations
- ✦ Individuals and organizations who are not direct users of your services but who support your organization.

Figure: Potential sources of support



In this Guide the term “clients” is generally used to describe the first group, “donor agencies” to describe the second, and “community” to describe the third. Occasionally, and purposefully, the Guide uses these terms in other ways. It can, for example, be helpful to recognize that all these groups are in some sense “clients”—deriving benefits from the support they provide even if it is not the direct benefits of the goods and services offered by the RHO. Similarly, “community” can readily and usefully be seen to embrace the subset of donors and clients. And all these groups are, in a sense, by definition “donors”—providing support. In general, however, the terms “clients,” “community,” and “donors” will be used as shorthand for the three groups identified above.

This section of the book introduces these three categories—clients (Chapter 4), community (Chapter 5), and donors (Chapter 6)—to stimulate you to explore possibilities not seriously considered or pursued before. Chapter 7 presents a framework to help you draw on the information from Chapters 4, 5, and 6 to develop your own resource map—the specific leveraging possibilities that exist for your particular organization.

But first we start by identifying a very important and often overlooked potential source of resources—the organization itself. Making more efficient use of the resources an organization already has is, perhaps, the first task of any organization that is looking for ways to leverage resources. This topic is discussed in Chapter 3.

Chapter 3

Improving Organizational Efficiency—The Internal Leveraging Source

What is efficiency?

Organizations often overlook assets within their own structure when it comes to leveraging resources. Most organizations have the potential either to increase the services they provide within the resource constraints they currently have, or to reduce their costs without harming their output. In other words, most organizations could become more efficient.

Improving efficiency is a very desirable way to leverage for two reasons. Firstly, organizations have more control over their own management than they do over decisions made by donors or clients. Secondly, improving efficiency makes organizations more attractive to donors and clients.

Being efficient is not equivalent to cutting costs. It refers to increasing the outputs per unit of input. A cut in costs that disproportionately undermines quality and reduces the desired output is not efficient,

Most organizations could use their own resources more efficiently.

Examples of attempts to improve efficiency

A number of RHAC's newer clinics had low client volumes, resulting in staff having quite a lot of free time when they were not seeing patients. To take advantage of this excess capacity, RHAC had these staff use their free time to conduct some community outreach activities. For no additional cost, RHAC was able to provide neighboring communities with health education.

An organization in Ecuador paid its physicians based on the number of clients they saw. This meant staff costs were variable and could be kept low when there were not many paying clients.

A physicians' association in Southern Nigeria began purchasing pharmaceuticals in bulk for its members. Even after covering the cost of procurement, distribution, and a small fee, the members still realized a saving of 15 percent.

whereas trimming back in areas that are not performing well may increase efficiency. *More* resources can mean greater efficiency. An organization that increases coverage with minimal additional investment, for example, has become more efficient.

There are some standard strategies designed to increase an organization's efficiency by reducing costs without jeopardizing the services. These include:¹

- ✦ Buying supplies and commodities in bulk. Bulk purchasing can be particularly effective if several organizations get together to do "group purchasing" and negotiate for even better rates for the larger quantities;
- ✦ Developing partnerships with either government or NGOs to share facilities or staff;
- ✦ Using volunteers. This option involves some costs but generally less than paying staff salaries and benefits;
- ✦ Getting three bids when purchasing supplies or services of any value and telling each supplier that it is competing against at least two others;
- ✦ Subletting unused office space. This can be source of revenue without additional costs.

Information required to identify inefficiencies

Although it is possible to generalize about some strategies that are likely to improve the efficiency of most organizations (see above), most solutions to inefficiency are organization-specific.

To determine what the specific strategies might be, an organization must analyze the nature of the costs it incurs.

The first way to break down costs is into different **inputs** distinguishing, in particular, those inputs that have a life expectancy of greater than a year (*capital costs*) and those that are purchased and used (or replaced) within a period of one year or less (*operating or recurrent costs*). Capital costs include buildings, vehicles, and equipment (and these are common subcategories that are used). Operating costs include personnel, supplies, and utilities.

An efficient organization requires a good balance between capital and operating costs. It is inefficient, for example, to have valuable equipment lying idle because there are not the resources (manpower, fuel) to operate or maintain it. A good balance within recurrent costs is also required. An organization that is spending a high proportion of its resources on materials and very little on staff is possibly not operating efficiently.

*Efficiency requires
reliable information on
program activities and
financial expenditures.*

¹ *Saving Money in Nonprofit Organizations*. Dabel, Gregory J. (Jossey-Bass: San Francisco. 1998).

Inputs that consume large amounts of resources should be examined closely as they offer the most potential if improvements in the way they are managed can be found. Even a small improvement in the use of an input that accounts for, say, 50 percent of costs could make a significant overall difference. One input that is likely to account for a large share of costs is staff. Using staff appropriately is crucial to achieving an efficient organization. This does not only mean looking for ways to streamline staff costs. It is also possible that investing a little *more* in the support required for staff to do their jobs well—training and supervision, for example—would be an efficient strategy.

A second way to break down costs is by allocating them to basic **activity** categories. There are no standardized activity categories—each RHO can make up its own. Running a clinic, management, information systems, training, transport, and publicity are all possible categories. It makes sense to define the categories based on the priorities and purpose of the organization so that it is possible to assess how balanced the organization's resources are in relation to its purpose. If providing contraceptive services to rural women is the basic mission of an RHO and yet 40 percent of resources are expended in urban clinics, questions should be raised as to how efficiently or effectively it is using its resources for its intended purpose. As with inputs, those activities which consume large amounts of resources are the ones to focus on when looking for efficiency improvements.

More generally, when breaking down costs by activities it makes sense to distinguish between so-called “**direct**” and “**indirect**” costs. Direct costs are those incurred in providing program goods and services to clients. Examples of direct costs might be the salaries of clinic staff and the costs of contraceptives. Indirect costs (or overhead) are those associated with general administration and management, such as the salaries of central management and administrative staff that cannot be attributed to a particular project or activity. Finding, for example, that 80 percent of resources were devoted to “indirect” costs, should prompt an RHO to consider whether there may be more efficient ways to run the organization. It is also possible to have too little management support, so a very low overhead might also be cause for concern.

A third important way to look at costs is to distinguish between those costs that increase when services increase (and decrease when the volume of activities decreases)—“**variable**” costs—and those that remain largely unchanged—“**fixed**” costs. Fixed costs might include such items as a nurse's salary or the rent on a clinic building. Variable costs would be such things as drugs and supplies. It is worth looking closely at fixed costs to see how much spare capacity exists. If the buildings or staff are being under-utilized there may be opportunities to increase outputs and expand services without increasing total costs very much. Another

strategy could be to see if it is possible to transform these fixed costs so that they become more responsive to output and can be more finely tuned to the needs of the organization. For example, if the building is underutilized, is it possible to rent a few rooms rather than the whole building? If staff are not very busy, but dismissal of staff is not feasible, is there scope for performance-related payments rather than a fixed annual salary (see box on page 17 for an example).

In addition to breaking down costs in different ways to look at their patterns and levels, costs can be combined with information on outputs. This can be very revealing especially if used to compare different delivery points or strategies or even performance over time. By tracking cost/visit (total expenditure divided by the number of people served) over time it may, for example, be possible to identify certain ways of doing business that are more efficient.

Applying the concepts-Examining the efficiency of your organization

One way to obtain information on the level and pattern of costs in an organization is to have a cost-based accounting system—one that allocates costs to specific program areas such as clinical services and administration, or activities within those program areas. Alternatively, it is possible to conduct a one-time cost study to determine how much is spent for specific activities or on particular inputs. Both types of cost information gathering require effort and expertise. The more sophisticated the system or study, the more effort and expertise is required. But even a relatively simple database on costs can be very revealing.

The steps below provide an opportunity to apply the concepts discussed in this chapter to your own organization. Once you complete the steps you will have some clear ideas about areas in which you might improve your efficiency.

Step 1: Summarize your organization's costs over the last three to five years

Prepare one table which breaks the costs down by input type and calculates the percentage of costs devoted to each input category (Table 3.1). Prepare a second table that breaks the costs down by activity and calculates the percentage of costs devoted to each activity (Table 3.2).

Step 2: Analyze your input costs

Make sure that all costs, whatever the source of support, are included. Sometimes records for expenditure of money from different sources or for different purposes (e.g., for operating and capital costs) are kept separately and need to be pulled together. Include an estimate of the

value of goods or services provided in-kind. The total cost in any one year should be the same for the two tables.

Look at the first table (3.1) and consider whether the balance of input costs seems reasonable. Identify the inputs that consume more than 25 percent of the organization's resources and give some thought to ways those inputs might be more efficiently used.

Step 3: Analyze your activity costs

Look at the second table (3.2) and consider whether the balance of activity costs seems reasonable. Identify the activities that consume more than 25 percent of the organization's resources and give some thought to ways those activities might be more efficiently done.

Step 4: Analyze the cost-effectiveness of your organization

Identify a suitable (and measurable) outcome indicator and calculate the cost per unit of that output (see sidebar for some common ratios) for (a) each of the last few years and (b) each different service outlet(s) you have. Consider whether any differences in cost per unit are due to inefficiencies and propose measures to improve the situation.

These steps should provide you with some preliminary ideas on how to leverage internal resources by improving your efficiency. No attempt has been made in this Guide to cover this topic comprehensively, as the focus is on leveraging external resources. Further detailed explanations on how to analyze efficiency can be found in other guides referenced below and described in more detail in the resource section.

Common Efficiency Ratios

Cost per couple-year of protection (CYP)

Cost per new user

Cost per revisit

Cost per community-based distributor (CBD) visit

Cost per clinic visit

[illegible]

Table 3.2 Expenditure by types of activities

KEY ACTIVITIES	EXPENDITURE (ABSOLUTE AND AS A PERCENTAGE OF YEAR'S TOTAL)											
	5 yrs ago		4 yrs ago		3 yrs ago		2 yrs ago		1 yr ago		Last 5 yrs	
	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%
CLINIC OPERATIONS												
TRAINING												
CBD PROGRAM												
ADMINISTRATION												
OTHER												
TOTAL												

Resources

CORE: A Tool for Cost and Revenue Analysis. Management Sciences for Health. 1998.

Cost-Effectiveness Analysis. Jack Reynolds and K.C. Gaspari. (PRICOR Monograph Series: Issues Paper 2, 1985).

Methods for Costing Family Planning Services. Barbara Janowitz and John Bratt. (Research Triangle Park, NC: Family Health International, 1994).

Saving Money in Nonprofit Organizations. Gregory J. Dabel. (San Francisco, CA: Jossey-Bass, Inc., 1998).

Chapter 4

Clients— A Key Source of Support

Introduction

Clients can be either individuals or organizations. They may use the health-related services and products that constitute the RHO's strategic mission or other program-related services. Whoever they are, clients satisfy a perceived need, getting something they want, through the products or services they use. Because they value these goods and services they may be prepared to pay for them. Charging fees is a source of revenue RHOs should consider in developing their leveraging strategy.

This chapter explores the potential of clients—both individuals and organizations—as a key source of financial support. It examines the factors that influence both the demand for services and revenue generation, and draws attention to the dilemma that individual-client fee systems face in trying to generate income while remaining committed to serving all clients. The discussion of organizational clients highlights the potential of selling services to other organizations—including contracting with an employer to provide reproductive health services to employees and opening up formerly in-house training activities to staff of other RHOs.

The chapter then discusses a different kind of client, one for whom a service is devised with the explicit goal of making money. While sharing some of the basic features of other, client-based leveraging strategies, these commercial ventures tend to divert resources and attention away from the organization's original and primary goal. Ways of reducing the risk of pursuing commercial ventures are briefly reviewed.

The chapter closes with several questions about the appropriateness of the various client-based approaches for your organization, and provides the opportunity to begin identifying your potential clients.

Figure 4.1 summarizes some key features of the three different client-based approaches, which are discussed in more detail in the text.

Charging clients is a source of revenue that all RHOs should consider.

Figure 4.1 Characteristics of client-based resources

Characteristics	Mission-related activities		Non-mission activities
	Charging individuals	Charging organizations	Commercial venture
Mission compatibility; impact on ability to achieve primary purpose	Clients may be discouraged from attending the facility, and may go against this mission	The products being sold are clearly consistent with organizational mission and objectives May distract from serving intended population	Could divert attention from organization's core activities
Financial costs of leveraging system	Requires system for receipt of payments Requires monitoring of client preferences May require system for determining client's ability to pay	Builds on existing capacity and expertise May make use of underutilized human or physical resources May require investment to tailor service before revenue is realized to suit the market	Often requires substantial investment
Quantity of resources that can be leveraged	Often less than cost of providing the services	Varies. Typically covers the cost of the services plus some margin	Varies. Often less than 5 percent of total revenues is available to subsidize social mission
Financial risk	Limited: costs and income are directly related (through use of the facility)	Limited, using excess capacity	High
Flexibility and reliability of sources of leveraging	Unrestricted use of funds Revenues hard to predict varying with economic conditions and degree of competition	Unrestricted use of funds Revenue flows may be hard to predict varying with economic conditions, financial strength of contracting organization, and degree of competition from other organizations	Unrestricted use of funds Revenue flows may be hard to predict varying with economic conditions, and degree of competition from other organizations
Spin-off effects	May stimulate improved quality May improve management skills May improve efficiency (reduce frivolous use and sensitize clients and staff to costs)	Develops social capital May improve management skills	Improves business skills May improve management of core mission activities

Charging individual clients-Pros and cons

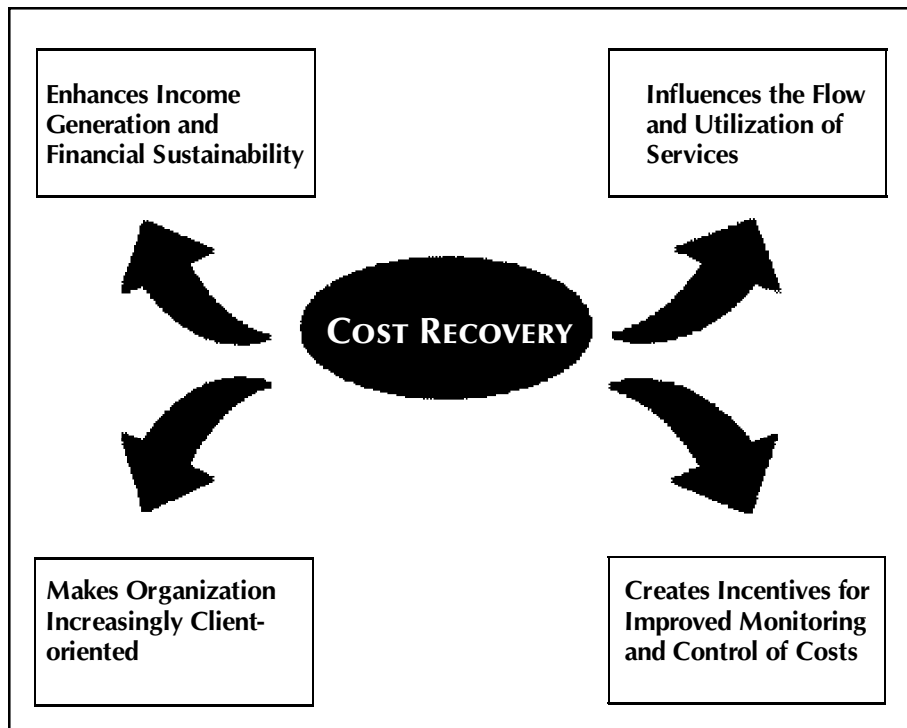
Commercial enterprises survive financially by charging clients the full cost of producing the goods and services they offer. Until recently, this has not been the approach of most RHOs who have instead looked to international agencies for support or have tried other ways to get financial support. The reluctance to charge fees has often stemmed from a concern that this would conflict with the RHO's mission, preventing them from serving the poor who were their intended population. In some cases, government policy prohibits them from charging for services and products.

This situation is changing. More and more RHOs now charge for the services they offer and this has become the norm in the public sector as well. They do this for a number of reasons, financial survival being an important one. Competition for limited donor funds is steadily increasing, and many donors now require that their local partners recover at least some of their operating costs in order to be eligible for continued donor support.

Generating resources by charging fees to individual clients has important advantages. These are shown below in Figure 4.2.

Many RHOs do not see themselves as having clients. Instead they “serve beneficiaries, target groups, or patients”. But “clients” is simply another name for all of these.

Figure 4.2 Advantages of cost recovery



Clients are unlikely to pay for a good or service if they can find it elsewhere at a lower price or of superior quality.

Charging fees not only helps RHOs survive financially, it also provides a flexible form of income and may promote improved efficiency.

Income from client fees contributes to an RHO's overall financial sustainability. Each time the RHO provides a service it uses some of its resources and thus incurs costs. By charging fees the organization ensures that the visit also generates income that can pay for all or part of the costs. This income is therefore closely tied to the RHO's success in addressing the needs and wants of its clients: clients will only pay for what they value. To attract clients it is necessary to continually respond to what they want. This requires some kind of monitoring of client satisfaction which may be done directly (e.g., through exit interviews at facilities) or indirectly (e.g., through an analysis of revenues and trends). On the other hand, lengthy justifications to funding agencies are avoided—only the clients need be satisfied. Donor dependency falls and autonomy increases.

An important characteristic of fee income is its flexibility. Typically there are no externally imposed restrictions on the use of this income and it can usually be spent as the organization sees fit² including filling in the gaps where donors are unwilling to invest resources, or supporting activities which are not self-sustaining.

Charging fees can have important positive benefits in addition to generating income. Foremost among these is the impact that charging fees is likely to have on efficiency. Charging fees confronts both clients and staff with the reality that services do have costs. Charging discourages clients from over-using services that they do not value. Patients will seek care up to the point where the benefits they anticipate outweigh the costs. When services are free, on the other hand, patients are encouraged to use them even when the value to them is very small, taking away valuable staff time and other resources from more important services. Introducing fees discourages frivolous use of services and can promote improved client compliance with treatment protocols for which they pay.

Charging fees can also alert staff to the cost implications of their actions, and provide an incentive for the close monitoring and control of organizational costs. In the process of developing a cost recovery system, organizations become aware of the nature of their costs and how these might be changed by management actions. Staff come to understand that each encounter with a client generates both costs and revenues and this enhances the organization's ability to keep its costs under control.

Finally, charging fees may raise the awareness of the need to improve quality to continue attracting and retaining clients.

²Public sector institutions have generally had less flexibility in the utilization of income, often being required to submit funds to a central level treasury. As neither the staff nor the patients perceive any benefits from the fees charged, there is no incentive to continue charging, and the fee system usually falls into disuse. Fortunately, many governments have come to appreciate that funds are best retained and managed at the local level.

Charging individual clients also has its disadvantages. One is that revenues generated through client fees come with no guarantees. The RHO has to be continually assessing and adapting to client preferences if it is to be successful in raising funds this way. Additional professional staff and other technical resources may be required to develop the RHO's capacity to be responsive. Other costs are involved too. Even the simplest cost-recovery mechanism needs a system for the receipt and register of the amount paid and the exemptions allowed. This will require new staff if it is not to cut into existing staff's clinical time.

The imposition of fees can also raise client expectations. Additional investments to upgrade facilities, equipment, and staff skills may be required to respond to this. If these additional investments exceed currently available resources, the RHO may find that fees are counter-productive as a leveraging strategy.

Perhaps the most serious of the disadvantages of fee systems is that some individuals will almost certainly be initially discouraged from using the services. If there is a flat fee, it is likely to be the poorest—those that are often the target for the RHO—who are least able to pay and will be most discouraged. Just how much of a deterrent fees will be depends very much not only on who the clients are but also on how the fee paying structure is designed as well as how the fee paying arrangement is introduced and marketed (see Chapter 12).

Charging fees costs money. It can also discourage the poor from using the services.

What fee to charge

Deciding on the fee (or fees) to charge clients is a difficult task because of the problem of reconciling the two objectives of (i) generating income and (ii) equity—making services as widely available as possible to the intended population, often the poor. The problem is that as soon as any fee at all is charged in an effort to gain income, some clients will be deterred from using the service. The fee structure that maximizes income is unlikely to be the fee structure that maximizes demand for the services. Some kind of compromise between revenue raising and equity will almost certainly be required.

The main reason for introducing (or increasing) fees is usually to recover at least some of the costs of providing services and to help keep an organization afloat financially. But establishing and running a fee system itself requires resources and imposes costs on the organization. Clearly it is not worth introducing fees (or raising them) if the cost of managing the fee system is greater than the financial returns in fees.

Knowing the cost of establishing and running the user fee system is therefore essential. It will identify the minimum level of prices that must

Charging the better-off clients higher fees is one way RHOs can continue to serve the poor and still generate income.

be charged to ensure that positive net revenues are generated. The higher the cost of the system itself, the higher the fees must be in order to generate minimally adequate income. If even these low prices result in less use of the services than an RHO is prepared to accept, client fees are probably not a leveraging strategy the organization should pursue.

But most RHOs will be aiming for more than simply not losing money by introducing a fee system. While they are unlikely to be in the business of maximizing their income, they would be attracted to the possibility of recovering all the costs of providing the service and improving their chances of long-term survival. For most RHOs, however, this is an unrealistic objective. The fees that would have to be charged to fully recover costs would be well above the amount many clients, particularly the poor, could afford to pay. This is particularly true of inpatient services where the costs may be several times the value of the individual's monthly income. Clients would either be discouraged from using the services or else the pressure to resolve a life-threatening problem could send a family deeper into poverty.³

One possible response to this is to establish a price level within the reach of the majority of the population. The problem is that this might severely limit the RHOs capacity to raise income. An alternative, which enables the RHO to be more ambitious in raising income while still protecting the interests of the most vulnerable, is to establish a sliding scale of fees based on the ability of the client to pay. Those who are better off pay more than the poor. For example, wealthy patients, insurance companies, and social security institutes could be charged a price that covers the entire cost of the service and perhaps even more in order to subsidize the care of the poor. Another alternative is to set up a system with a single fixed fee schedule but with exemptions for disadvantaged groups who would pay nothing. Or different prices could be charged at different service sites—prices being higher in those locations where the population is better off. There are a number of approaches to identifying which are the clients who should pay more and which less and some of these methods for “means testing” are discussed in Chapter 12.

Discriminating between different kinds of clients and services is a way to reconcile the objectives of income generation and equity. The problem is that those systems that do this best—that more accurately identify those in need and more specifically target the fees—are also likely to be the most costly to administer.

How the balance should be struck between revenue and equity objectives depends on the amount of financial pressure felt by the organization or the degree of financial autonomy the organization desires. It can

³Nevertheless, costs can serve as a useful benchmark, fees being higher for services that cost more to provide. There are limits, however, to how worthwhile it is to discriminate between more and less expensive services. It is easier to manage a system that has fewer categories of charges.

What happens when fees are introduced? Experiences vary . . .

In Belize, fees are charged at government facilities for inpatient and specialized outpatient care. All revenues from fees are sent to the Treasury. Revenues from government facilities are low, totaling 2.4 percent of recurrent costs at the central hospital and the six district hospitals. The low level of cost recovery is attributed to low prices, ineffective means testing, inadequate collection and billing procedures, and a lack of staff motivation to collect fees.

In Cameroon, when decentralization and local fee retention were introduced at health facilities in one area, an increase in utilization of the services was seen more among the poor than the rich. Investigators concluded that the users perceived a quality difference after fee collection and retention began.

In Swaziland, government and private health facilities both charge fees for services. Collection rates in government facilities are substantially lower than at private facilities, both as a proportion of expenditure and in terms of revenue per patient. Some of this is explained by the fact that private facilities charge higher fees and charge for more services. But an underlying factor is believed to be related to the incentives.

be useful to set quantitative financial targets—either in terms of the amount of money that needs to be generated or in terms of a proportion of total anticipated expenditure that the organization is striving to self-finance.

Even when the trade-off between income and equity has been agreed on there remains the practical problem of predicting the effect a new or changed fee will have on the demand for the service and therefore on both revenue generation and equity.

It may seem obvious that increasing the fees charged will generate more revenue or income. But it is not that simple. Revenues depend not only on the fees charged but also on the number of people who pay. When fees go up, the number of people using the service is likely to go down⁴. Individuals either forego the service or seek an alternative, probably in the public sector for the poor and in the commercial sector for those with money. So it is quite possible that income could actually fall with certain increases in fees if these were too high and, as a consequence, the number of clients discouraged from using the service was too great.

⁴It is possible that, over a certain range, an increase in price could actually encourage greater use of services. Clients may see prices as an indicator of quality—a sign that the service is worth something—and attending the facility as giving them status. There may also be some price ranges over which there is no change in demand. For example, when fees are low, reducing them further may have no effect on demand.

The extent to which an RHO's services will be used depends on many factors but particularly the price and quality of the RHO's products in relation to the price and quality offered by alternative providers.

Understanding clients and their environment

To effectively mobilize resources from individuals through the sale of products and services requires an understanding of who these individuals are and what they want and appreciate. Without this knowledge it is difficult to make the right decisions about important issues such as whether to introduce a fee system, what price to charge, and what products or services to offer.

The way clients in general respond to prices has been discussed in the previous section. But prices are not the only factor to affect utilization. Even if the services or goods cost nothing, not everyone, even of those who could benefit, will make full use of them. The factors that influence the level of demand are the same ones that will moderate how clients respond to a change in the fee charged. It is important to understand what these factors are in order to predict the effect of introducing or increasing fees, and design strategies for moderating the deterrent effect.

One characteristic of individual clients that is clearly important to know is **their financial circumstances**. The less income individuals have the fewer their possibilities for purchasing anything including reproductive health services. The poor have relatively little “discretionary income”—income not already required for housing, food, clothing, and other basic necessities. If fees eat significantly into this discretionary income, individuals have no choice but to either withdraw from the service or perhaps go into debt or sell important income-generating assets and jeopardize their long-term well-being. In some rural areas, even when the population is not extremely poor, there may be little cash available and that makes any fee system difficult to operate. It is often not easy to ask directly about an individual's financial circumstances but age, sex, residence, and employment provide useful indicators of capacity to pay. This information is often available from published secondary data sources such as demographic and health surveys. Staff can also be a valuable source of information.

Another set of information that is important to know concerns **the price and quality of other, similar services available to clients**. All things being equal, clients will generally choose the service they perceive as less expensive. The prices other organizations charge for similar goods or services provide a useful upper guide to the prices an RHO might charge. Some simple market research on competitors is usually worthwhile. **The experience clients have had of paying fees** can also be relevant. Clients who are not accustomed to paying for health and other related services may resist the introduction of fees, especially if they do not understand the need for cost recovery. Clients' experience of and attitudes toward paying any fees need to be understood and used to guide the process of implementing a fee system.

Perhaps most importantly of all, it is useful to know **clients' wants and needs and their perceptions of the goods and services being offered to them**. Unlike the other factors mentioned above, this is something the organization itself has some control over and can respond to directly. Knowing what clients value enables the organization to provide services that satisfy clients (and for which they may be willing to pay). In particular, it is important to know what their reproductive health needs are and what services they want.

Clients look for “quality” in the goods and services they use. In critical situations they will seek the highest quality of care they feel they can afford. Quality is usually assessed not simply in terms of technical clinical improvements—the addition of a new diagnostic device, for example. Indeed patients may not even be aware of or appreciate such features. Instead they may be more concerned about issues such as the care and attention they receive.

Clients choose to go to a certain provider not only because of the specific goods and services they provide but also because of the circumstances and conditions of obtaining them. The amount of time they have to wait, or the availability of drugs, or the appearance or comfort of the health facility can all be important. Clients may have preferences about the type of health staff they want, perhaps preferring doctors to nurses or female rather than male staff, or vice versa. Accessibility in terms of the distance and time to reach the facility and the opening hours of the service can also influence a client's assessment and utilization of a service.

An organization that can respond appropriately to the preferences its clients express is in a better position to charge for its services.

Organizational clients—Who they could be

Individuals are not the only clients an RHO can have. Services or products can also be marketed to organizations. This is another potential source of revenue for RHOs, and should be explored in developing a leveraging strategy.

RHOs can, for example, sell to other organizations the reproductive health services they provide. Ministries of health are often looking for organizations to provide, under contract to them, reproductive health services that they are not in a position to provide themselves. Commercial organizations might also be interested in purchasing reproductive health services or products. Perhaps they recognize the value to their own organization of a healthier, more productive staff with reduced absenteeism and turnover. Or they may be mandated by law or labor or union agreements to provide a certain level of health services to employees and their dependents. Whatever their motivation, one option could be to contract with an RHO to run a clinic in their factory, or to provide their employees with off-site health services.

Organizations make good clients. They can often afford to pay the full costs and they buy in bulk.

But there is also a market for other kinds of services—ones that RHOs may typically think of as internal services that support their own organization’s programs or administrative activities. These differ from the health services and products that constitute the RHO’s strategic mission, and from other products and services provided as a separate commercial venture (the subject of the next section in this chapter).

For example, other organizations may be interested in, and willing to pay for, information on the needs, preferences, and health-seeking behaviors of various population segments. Similarly, access to an RHO’s distribution structure in rural areas is a valuable asset to a commercial organization seeking to extend its market reach beyond urban centers.

Organizations working in fields similar to the RHO might be interested in paying for access to laboratory analyses and specialized diagnostic equipment, or in purchasing places on training courses offered to the RHO’s own staff. Initially these efforts could consist of inviting a handful of additional trainees from other organizations to participate in what had, up until that time, been a training session for just the RHO’s own employees. This is a low risk, low cost way of testing the market. If there is sufficient interest, additional sessions could be provided. Once resources are being dedicated to meeting the needs of other organizations it is particularly important to track costs and charge for these services to ensure that they are not financial liabilities.

Not-for-profit organizations are often overlooked as possible purchasers of RHO services. But as resources become tighter this will have to change and collaboration through joint courses, sharing facilities, etc. will become increasingly important. Not-for-profits may have difficulty paying the full cost of the service. But donors are sometimes willing to subsidize the cost of the service either through a direct grant to the RHO or as a grant to the grassroots organization so that it can pay the full price.

Sale of program-related goods and services

- ✦ *RHAC provides family planning and reproductive health training to other NGOs;*
- ✦ *STOPAIDS provides AIDS education workshops and talks for various corporations in Nigeria;*
- ✦ *The Dhaka Community Hospital is paid by a number of factories to provide consultations to factory workers;*
- ✦ *Rxinn T’namet formed an agreement with the Ministry of Health (MOH) to provide health services to an indigenous population in Guatemala which was underserved by the MOH.*

A private-public sector partnership

A partnership between the pharmaceutical manufacturer Schering A.G., the Mexican National Population Council (CONAPO), and two family planning NGOs—MEXFAM and FEMAP—was established to increase financial and physical access to oral contraceptives in small rural towns in four Mexican states. Schering A.G. sells its low-dose oral contraceptive Microgynon at a reduced price with a specially marked pack to MEXFAM and FEMAP, which socially market the pills using their existing distribution networks to reach rural and peri-urban pharmacies.

There are a number of reasons why commercial or not-for-profit organizations might look to RHOs for reproductive health and related services. These include:

- ✦ Obtaining a service at a lower cost than the organization could provide the service for themselves
- ✦ Accessing expertise the organization does not have in its own organization
- ✦ Lessening the organization's management burden
- ✦ Increasing the organization's staff's skills
- ✦ Reaching a population the organization has not been able to reach directly.

Organizations obviously differ in what it is they expect from an RHO. To discover what they want requires active investigation, including talking to managers of these organizations about their operations and needs. The more that is known about the organization, the more targeted can be any proposals for helping them.

Mechanisms for charging clients

Individual clients

There are a number of mechanisms for charging clients. The most common is the direct fee for service, where the clients pay for the services or products at the time they receive the service. However, other mechanisms exist which may make it easier for clients to pay. Two of the simpler ones include:

Credit schemes give clients a longer period of time to pay for the services they receive. Deferred payment benefits the client but creates a burden for the RHO that needs both to track how much is owed and to develop a mechanism for collecting overdue debt.

Pre-payment plans require clients to pay a certain amount on a prescribed schedule (i.e., weekly, monthly, or quarterly). Any care

Knowing what organizations are seeking by becoming clients helps an RHO to target its services more appropriately.

clients receive is paid for out of the contributions they have already made. Clients benefit by being able to budget for their reproductive health care in a planned way and with small regular payments. The RHO must keep track of both the deposits made by clients and the deductions made for services received. This mechanism can work particularly well with medical conditions such as childbirth that can be anticipated and where the clients know that they will eventually use the services for which they are pre-paying.

The next three mechanisms are more complicated and typically require partnering with other organizations, so they will suit only some RHOs.

Health savings and loans involve clients regularly contributing to a savings account that can only be used to pay for health-related services and products. If clients use more services than they have saved for, they can get a loan, often with a grace period of several months, to pay the difference.

Third-party payments involve someone else besides the client or a family member paying for services. Usually the third party is an employer or an insurance provider. Most third-party payers have restrictions on the total amount they will pay or how much they will pay for specific services. The client must pay any excess. Third-party payment relieves the client of at least part of the fee burden. It can add to the burden of the RHO, however. Third-party payers sometimes take many months to review claims, may disallow payment for some services or products, or have an unreasonably low fee schedule.

Mutual health organizations (MHO) function as a cross between pre-payment and a third party payer. They are community-based, non-profit organizations established to give their members access to quality health services through members' own financial contributions. They use different financing mechanisms including pre-payment, soft loans, and insurance. Bringing together large numbers of people pools the risk, making services affordable for the membership. MHOs are complex and difficult to manage, often taking several years before they are a viable source of health financing.

Country Women's Association of Nigeria

Country Women's Association of Nigeria (COWAN), a micro-credit program in southwestern Nigeria, formed a Health Development Fund using a portion of the members' annual dues. Members of their savings-and-credit program could receive a loan to cover the costs of catastrophic illness for themselves or their family. The loan had a six-month grace period after which members had to start paying interest.

Organizational clients

Providing goods and services to organizations is usually done through a contract—an agreement, typically written, among two or more parties to do something in return for money. There are several different types of contracts, and they differ in size and complexity:

Purchase orders (POs) are simple contracts whereby the purchaser offers a fixed sum of money in exchange for a service or product provided by an agreed-upon delivery date. They are typically used to procure a tangible product such as contraceptive commodities, a place in a seminar, or a written product such as a training curriculum or workshop report. It would be unusual to receive a PO for, say, continuing professional services with no identifiable “deliverable.”

Fixed price contracts also offer a fixed sum of money in exchange for products or services, but ones that may be difficult to package as easily identifiable “deliverables.” For example, an agreement to provide a smaller RHO with accounting services over a specified period of time for a fixed monthly fee might be written as a fixed price contract. These agreements can become quite complicated depending on the nature of the services to be provided. They can also be dangerous—a fixed price based on unrealistically low cost estimates can result in a net financial loss.

Cost reimbursement contracts reimburse the provider for the costs incurred in providing the purchaser with a product or service. Typically, the client will ask for a budget for the work to be done. That budget is then subject to negotiation with the organizational client. This negotiation will include identification of the costs that will be “allowed” for reimbursement under the contract.

The choice of contractual mechanism depends on the nature of the products or services to be provided, the preferences and procurement policies of the organizational client, and the RHO’s own capacities and objectives. For an RHO with a well-developed cost accounting system, the administrative convenience of a purchase order or the apparently straightforward nature of a simple fixed price contract are attractive and profitable mechanisms.

Regardless of the contractual mechanism used, professional legal advice should always be obtained before signing an agreement.

Commercial ventures

Many RHOs find the idea of developing small commercial enterprises and other income-generating activities an appealing option for mobilizing additional resources for their organization. For one thing, funds from this source have few, if any, restrictions on their use.

Commercial ventures are appealing because of the unrestricted income they generate. But they often fail, sometimes divert staff attention away from core activities, and may have unfavorable tax implications.

Commercial ventures might appear to be a natural extension of the idea of selling program-related goods and services. However, there is a big difference between marketing activities an organization is already undertaking to a wider clientele, and embarking on an unrelated moneymaking concern. Experience has shown that these commercial enterprises often fail. Even in the U.S.A.'s resource-rich and business-friendly environment, between 75–90 percent of small businesses fail within the first two years⁵.

Even when they don't fail, the amount of profit generated is often very small. A realistic estimate of net profits generated from most businesses is five percent⁶. Given that only a portion of these profits would be available to subsidize nonprofit activities, it would have to be a large business indeed to make a significant contribution. For example, to receive a net profit of US\$25,000, an RHO would need to generate gross revenues of approximately one-half million dollars! In addition, it would probably take some time before the business showed any profit at all.

Commercial, income-generating activities can also present serious *non-financial* risks. They can divert limited managerial and technical resources from the core mission of the organization, or provoke internal divisions among staff making it difficult to retain dedicated technical staff opposed to commercial involvement, or to attract and hold qualified managers for the commercial operation. Commercial income-generating activities can also have unfavorable tax implications.

Experience with commercial ventures is mixed

Two midwife organizations in Africa—one an association and the other a private clinic—had vastly different experiences with commercial ventures:

- *The association took out a loan to purchase a bus, intending to generate income by operating a transport service. Because of inexperience, however, it purchased a bus that did not run well. The association also failed to take into account the costs of the driver's salary or repairs for the bus. Even when the bus was operational, which was not often, the amount earned was insufficient to cover the interest payments for the loan and the association was losing money. The interest payments on the loan grew so large that the association sold the bus to pay what it owed in interest. It is still repaying the loan.*
- *The clinic, which provides basic health and family planning services, learned that its clients wanted more holistic health services. In response, the midwife opened a gym and beauty parlor. These services not only appealed to current clinic clients but also attracted additional clients. The services have been so successful that additional staff are being employed and it has been possible to subsidize a second clinic in a low-income area.*

⁵Successful Business Ventures for Non-Profit Organizations. Cagnon, Charles. (The Northern Rockies Action Group, June 1984)

⁶Ibid.

Some organizations have, nonetheless, been able to successfully operate separate commercial enterprises including ventures as varied as:

- ✦ threshing machines
- ✦ fish farms
- ✦ office cleaning services
- ✦ beauty services
- ✦ taxi and minibus services
- ✦ business centers
- ✦ fitness centers
- ✦ dyeing and weaving
- ✦ furniture making
- ✦ restaurants and canteens

These organizations have achieved success by building on strong leadership, organizational flexibility, solid accounting and financial controls, and a commitment to self-sufficiency. Understanding their market and product, planning thoroughly, and being prepared to take calculated risks have also contributed to their success.

Any RHO embarking on commercial ventures would do well to bear in mind the following:

- ✦ Build the enterprise around the organization's core expertise or hire staff who have the necessary experience.
- ✦ Hire managers from the for-profit sector. Most RHO staff are inexperienced in business. It is critical to bring business skills to an enterprise operating a commercial venture.
- ✦ Be entrepreneurial in approach. Be prepared to react quickly to perceived opportunities, keep overhead costs as low as possible, encourage open communication up and down the organizational structure and across functional areas, and tie individual rewards directly to outcomes.
- ✦ Remain responsive to changing market conditions. The nature and intensity of competition and the general political and economic environment within which the organization operates are constantly changing. Track and analyze these changes and be prepared to adjust the services provided.
- ✦ Manage the commercial venture separately. The commercial venture should have its own staff and procedures, and its management should be free to make independent operational decisions in pursuit of its financial goals.
- ✦ A single board of directors should oversee both the for-profit and not-for-profit operations. The board is responsible for ensuring that each operation contributes to the achievement of the

organization's overall program goals. It is important for board members to include individuals who have commercial experience.

This Guide provides only an introduction to commercial ventures. There are many books and materials that cover this topic in more depth. Some of these are listed at the end of this chapter.

Applying the concepts—Examining the appropriateness of client fees and commercial ventures for your organization

Step 1: Determine whether client fees are a possible source of support for your organization

Charging fees is a leveraging strategy that warrants serious consideration from most RHOs because of its potential to increase organizational autonomy and sustainability. However, it is probably not an appropriate approach for those RHOs answering “yes” to the following questions:

- ✦ Are there government or donor regulations that would prevent your RHO from charging fees?

Governments may have regulatory restrictions on the services you propose to “sell” to individual clients. One of the conditions donors may place on supporting your organization is that you do not charge fees for health or family planning products that are provided to your RHO at no or subsidized cost.

- ✦ Does the political and religious climate limit your ability to market your goods and services?

If the services and products you offer are sensitive, as family planning often is, you may not be able to market them. Or, the environment may accept the marketing of free products and services, but not the marketing of the same products and services for a fee. Such restrictions on advertising and promotion can doom this leveraging approach, particularly when you are in competition with other providers.

- ✦ Are there government regulations or tax laws that would make selling products and services to other organizations prohibitive?

Does your status as a not-for-profit raise tax liability issues? In some cases, selling products may mean that an organization may lose its not-for-profit status.

If fees for individual or organizational clients are not ruled out for your organization, use Chapters 10 and 12 to help judge just how feasible this option is for you. Chapter 12 provides guidance regarding the establishment of a client-fee system as a leveraging strategy—deciding what services to charge for, who to charge, and what amount to charge.

Step 2: Determine whether commercial ventures are a possible source of support for your organization

The risks of embarking on commercial ventures are great and the returns may be small, so it is wise to be cautious particularly if:

- ✦ You are unwilling to bear the risks associated with operating a commercial venture.
- ✦ There are government or donor regulations prohibiting you from undertaking commercial activities.
- ✦ The tax laws governing for-profit enterprises are harsh.
- ✦ You do not have access to start-up capital or people with the business experience necessary to develop a business plan and manage for-profit operations.

If, after thinking about these issues, you remain interested in a commercial venture, you should explore your specific idea through market research, and consult the references at the end of this chapter.

Applying the concepts-Who are your potential fee-paying clients?

Step 1: Identify potential individual fee-paying clients

Your current clients are all potential fee payers. Can you identify other potential clients who might also be potential fee payers? Discuss this with other staff and list your potential fee paying clients.

Step 2: Identify potential organizational clients

In identifying possible organizational clients (and the services they might be interested in) you could consider the following questions:

- ✦ What are the kinds of program-related goods and services your organization might sell to other organizations (e.g., training, diagnostic services)? Who are the potential purchasers of such goods and services? List these organizations.
- ✦ Do you know of companies that maintain on-site health clinics that might be interested in contracting with your organization to operate these clinics or supplement the services they offer with your own? Add these organizations to your list.
- ✦ Do you know companies that depend on skilled young female workers? Such workers are expensive to train and there may be some demand for appropriate reproductive health services that reduce absenteeism and illness in this group. Add these organizations to your list.

You will revisit your lists of potential clients in Chapter 7, where you will have the opportunity to develop profiles of them to learn more about their needs and demands.

Resources

Enterprise in the Nonprofit Sector. J.C. Crimmins and M. Keil. (New York: Rockefeller Brothers Fund, 1983).

Family Planning Manager's Handbook: Basic Skills and Tools for Managing Family Planning Programs. ed. J. Wolff, L. Suttentfield, S. Binzen. (West Hartford: Kumarian Press, Inc., 1991).

Issues in Cost Recovery. J. Holley, M. Huff-Rouselle, and A. De Mattos. (Boston: Social Sectors Development Strategies, Inc., 1998).

Managing for Profit in the Nonprofit World. Paul B. Firstenberg. (New York: The Foundation Center, 1986).

Successful Business Ventures for Non-Profit Organizations. Charles Cagnon. (Hartsdale, NY: Public Service Materials Center, Inc., 1984).

Towards Greater Financial Autonomy. F. Vincent and P. Campbell. (Geneva: Development Innovations and Networks, September 1989).

User Fees for Sustainable Family Planning Services: Background Discussion for the Handbook for Program Managers, revised edition. Laurence M. Day. (Washington, DC: Family Planning Service Expansion and Technical Support Project [SEATS], 1993).

The Worldwide Fundraiser's Handbook. Michael Norton. (London: The Directory of Social Change in association with the International Fund Raising Group, 1998).

Chapter 5

The Community You Serve

Introduction

RHOs are a community resource. They provide their local community with reproductive health services, access to resource networks, employment, and a pool of expertise that local policy makers can draw on for guidance. As consumers and taxpayers, they are a source of revenue for local merchants and government authorities.

However, this is only one side of the relationship RHOs maintain with their community. Individuals and businesses in the community can also provide resources for RHOs. Some resources such as staff and essential public services may have to be paid for, but others, such as volunteers and local merchants' products, can be provided as voluntary services or donations.

Recognizing the reciprocal nature of the relationship that can be nurtured between an RHO and its community is the key to successfully tapping into community support. RHOs must understand which community needs they are able to satisfy and what they can offer the community in exchange for their support. Only then will they be able to convince individuals and businesses in the community of the value they derive from the RHO and its work. Leveraging resources from the community is as much a marketing challenge as leveraging from clients.

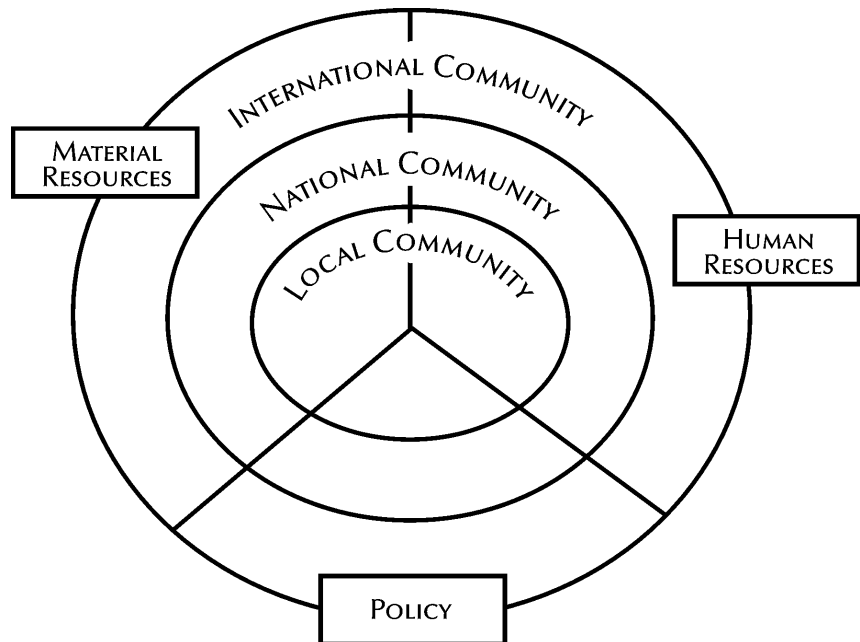
"Community" can be defined in many different ways. It may be those individuals who live or work in the neighborhood. It may be organizations that share similar principles—for example, helping the poor or providing health care for all—or individuals within those organizations. Or, it may be businesses that do not explicitly share an RHO's mission but have similar goals, such as keeping their employees healthy.

Communications make it possible to define functional communities that exist outside the local geographic and political boundaries, in the national or global environment (Figure 5.1). The next chapter explores the leveraging potential of donors who operate in this wider community. This chapter focuses on the local community and discusses the nature of the exchange between the local community and RHOs and the mechanisms that may be appropriate for raising funds from this potential source. It closes with several questions that help you to explore the potential of community support in your organization.

Local community can be a major source of financial and political support for any RHO.

Managing existing relationships within this community, as well as developing and maintaining new relationships, are important elements of an overall resource leveraging strategy.

Figure 5.1 Levels of community and available resources



Businesses give to their communities in order to:

- *Promote their products*
- *Improve their image*
- *Keep up with the competition*
- *Purchase something of value*

The business community as donors

Businesses make donations for many different reasons. The reasons may be clearly commercial—for example, to promote the company’s products and services, to introduce these products to a new set of clients, or to derive tax benefits associated with charitable giving— or, they may be less directly self-interested. Donations are one way to improve public image or affiliate with an area of interest, such as when a pharmaceutical company donates to health programs or sponsors “health fairs,” or a toy company sponsors events for a children’s hospital. Sometimes a donation may, in effect, be the purchase of a valued service such as, for example, when a company which is losing some of its workforce to AIDS supports HIV education. Occasionally, the reason for giving is more personal: a key individual in the company may have an interest in a certain cause and promote it over others. Other times the mere fact that other businesses are supporting a cause can be motivation enough—businesses like to keep up with the competition even in charitable activities.

Although the reasons for giving are varied, in general **businesses like to support:**

- ✦ Projects in their own community or where they have business interests
- ✦ Projects that have significant community support
- ✦ Activities that use their products
- ✦ High-visibility events
- ✦ Economic development projects
- ✦ Initiatives that have the backing of those people perceived to be “important.”

Businesses are not keen to support:

- ✦ Purely religious appeals
- ✦ Mass market solicitations
- ✦ Controversial causes that may bring them bad publicity.

Many multinational corporations have well-defined charitable programs, sometimes managed at headquarters but, more frequently, at the national level. In the more established programs there are often policy guidelines about the type and level of donations that can be provided. Support from local companies is likely to be more *ad hoc*. But local companies do have the advantage of potentially closer ties with the

Corporate / NGO fundraising partnerships

United Nations Children’s Fund (UNICEF) has created many commercial private sector alliances that aid its fundraising drive. Its “Change for Good” program, an alliance with British Airways, is one example. A brief video on UNICEF is screened in-flight and envelopes, into which donations in any currency can be put, are distributed to passengers, providing a convenient way to dispose of foreign coins or small bills. UNICEF also has an alliance with a hotel chain. Hotel guests are welcomed with a brief video on UNICEF when they first turn on the televisions in their rooms. A one-dollar charge, which the guest can decline, is added to the room bill as a donation to UNICEF.

Perhaps inspired by the UNICEF initiative, the Amari Hotel in the Bangkok airport has a “Baht for a Better Life” program supporting the Duang Prateep Foundation which helps needy children in Thailand. The contribution envelope left in rooms reads: “Your small change could make a big change to someone’s life.”

Small companies are more likely to provide in-kind donations while larger companies often provide grants.

community and a better understanding of the local environment. On the other hand, local companies are affected by economic downturns in a way that multinationals, with their broader revenue base, are not. When an RHO is most likely to need outside funding, local businesses may also be struggling to survive.

Sponsorship has considerable potential as a fundraising tool. Many businesses want to distinguish themselves from the competition and set themselves apart as community sponsors. They like sponsorship because it is a cost-effective advertising vehicle, reaches its target audience, and allies the business with a good cause. Sponsorship of specific programs or special events is an increasingly common method for businesses to support NGOs.

Companies provide different kinds of support and there is room for RHOs to be creative in what they ask for:

- ✦ **Cash gifts.** This can include direct donations which may be unrestricted or earmarked for a building, project, or new initiative. For example, a business might be prepared to provide an award for outstanding community service to someone in a specific RHO. A more attractive option for business is when there is a more tangible benefit to themselves. For example, a business might purchase special event or raffle tickets and then give these away to business customers. Or it might agree to pay an RHO a percentage of its sales and, through its association with the RHO, boost sales.
- ✦ **Material support.** Businesses often donate the products they manufacture. If not directly useful to the RHO, these can be a good source of prizes for special events, raffles, or volunteer incentive programs.
- ✦ **Services.** Some businesses are willing to provide services free. For example, a business with regular mailings, such as the local telephone company which sends monthly billing statements, might allow an RHO to include literature about its organization in one of their mailings. Or a business might, through its business contacts, agree to help an RHO negotiate new office space, clinic sites, and other physical plant needs. Or it might provide training opportunities for volunteers or outreach workers.
- ✦ **People.** Businesses have a pool of expertise—financial management, marketing, legal, and accounting skills—and employers often encourage their employees to volunteer, sometimes by providing paid time off work. They may also “loan” one of their employees for a special event or marketing project. This *pro bono* work can lead people to become board members or committed donors.

- ✦ **Physical facilities.** Business-owned conference rooms, auditoriums, or cafeterias are all possible locations for special events, meetings, and training and may be made available free of charge.
- ✦ **Lobbying.** Businesses might be persuaded to lobby for national and local legislation that provides increased funding for RHOs or to support legislation that encourages charitable giving by individuals and business. Or they may agree to sponsor a meeting to encourage local business involvement in the NGO community.

The mechanisms businesses use to support NGOs vary depending to a large extent on the size and organizational structure of the business. Large companies are more likely to donate funds to local projects while smaller companies generally are more able to provide in-kind contributions such as equipment or subsidized services. For example, a neighborhood store, where the owner usually makes all the decisions, might allow an RHO to leave a collection canister by the cash register; a local bank manager may offer the bank's window or lobby for a display highlighting the organization's work.

While business sponsorship can be directed to helping RHOs in many different ways, one of the most common is in the promotion of the RHO or its events (see box below).

Local fundraising not only raises funds. It helps develop strong links between an RHO and its community.

Potential roles for business in promotion and publicity for an RHO

Helping RHOs to promote themselves or their cause is something which businesses often can do at relatively little cost to themselves.

For example, businesses can:

- *exhibit information on an RHO in the lobby, the reception areas, or employee lounges*
- *provide space on in-house bulletin boards or in newsletters to publicize special events*
- *devote window space for the promotion of an RHO*
- *permit an RHO to solicit individuals at the workplace*
- *invite an RHO to give a presentation to employees about the organization*

They might also be prepared to offer more substantial support. For example, they might:

- *print calendars of RHO events and distribute them to all customers and vendors*
- *contribute advertising, marketing, and promotional staff to create materials*
- *pay for advertising for an RHO in newspapers or magazines or on radio or television*

*Fundraising invites
the community to
become partners with
the organization.*

Individuals as donors

Individual donors are an important potential source of leverage. In the United States, for example, over 80 percent of all charitable donations come from individual gifts. Although some of these donors are wealthy, many are people of very modest means.

People donate money for many different reasons, both noble and self-serving. Tradition or religious imperative may be involved for some, while others give to further a personal cause or to gain power and status. Fundraising is not begging. It is an invitation to the community to become partners with the organization. It provides an opportunity for people in the community to make something of value happen, to be part of the helping community.

All fundraisers agree that people give when they view themselves as part of a community, no matter how that community is defined. An RHO can create a sense of community among its individual supporters by keeping individual donors informed about the organization and its work (even when funds are not being actively solicited). Ways to do this include sending them newspaper clippings about the RHO's work and inviting them to public events that involve the RHO.

When people give donations, they want to believe that their gift made a difference. They like to receive letters of thanks and information on how their support was used, not so much in organizational terms (e.g., paying staff) but in human terms—what happened to the people served.

Any RHO can raise money from individuals. The process can be expensive and risky, but there are many reasons why it is worth considering:

- ✦ In some countries, there are specific laws requiring an organization to obtain a percentage of total revenue from individual support in order to register as an NGO. Some donors will only fund organizations that have clear evidence of public support. Many donors judge how effective a program is in addressing a population's needs by its level of local public support.
- ✦ Local fundraising is an effective way of raising awareness of an organization's programs and of developing links between an organization and the public. It does this in at least two ways: (1) The board of directors, staff, and volunteers are better able to communicate the organizational mission to the public as a result of their involvement in fundraising activities; (2) When an RHO raises funds to support an issue, it is also raising the profile of the issue, which is a very effective way to engage a new audience.
- ✦ Compared with leveraging resources from donors, local fundraising gives RHOs greater control over both the process and the use of any funds.

Any organization moving toward becoming independent and sustainable must consider the local community as a major source of financial and “social capital” support. “Social capital” describes the set of relationships developed with individuals and organizations in the community.

Mechanisms of fundraising

Personal solicitation is a method of raising funds from individuals by meeting them in person, calling them on the telephone, or writing a personal letter. This is a most effective way to raise money from individuals—more than half of all fundraising requests in the world are done in person—but it is also one of the most difficult strategies to implement.

Direct mail involves soliciting individuals by mail, and requires sending letters to large numbers of people. This method is expensive and difficult. It takes time, money, and effort to build a list of supporters. Although many established fundraising programs are quite successful in raising funds through direct mail, it is not recommended for most newly-established RHOs. Scaled-down versions of this approach, using existing mailings or other communication devices, are more feasible: for example, including a small envelope for donations with a newsletter or along with any response to a request for information.

The goal is to make it as easy as possible for someone to make a donation.

There are several approaches to raising funds: visiting potential donors, direct mail, special events such as dinners or dances, collections, membership, and raffles.

HelpAge India solicitation by mail

HelpAge India works to improve the welfare of the elderly throughout the country. Most of its funding comes from the general public. Organizers began a direct mail campaign in 1990 with a computerized list of 300 people. These were gathered, updated, and expanded from newspaper advertisements and special events lists, and by trading lists with other NGOs.

Trial letters requesting support are mailed to a small audience. If more than two percent respond, a larger mailing is done. Follow-up with the first time donor, through sending newsletters, annual reports, brochures, project lists, and many personal letters, is critical to the success of this exercise.

The aim is to keep donors informed of the work and to develop a “personal” relationship with them. The budget is strictly monitored and most of the work is done in-house. In 1997, 15 percent of HelpAge India’s funding was from direct mail. Constant planning, testing letters, and attention to cost are the keys to success.

Ideas for special events

- *Dances – formal to casual*
- *Dinners – celebrate an anniversary or honor a guest*
- *Music or Cultural Events*
- *Lecture Series*
- *Phonathons or Telethons—contacting donors by telephone or by answering telephones at television studios*
- *Street Fairs or Carnivals*
- *Sporting Events*
- *Races—bicycle, run, walk or other “race” type events*
- *Car Washes*
- *Bake Sales*
- *Casino Nights*
- *Auctions*
- *Puppet Shows*
- *Fashion Shows*

Special events can be planned to attract publicity, gain new supporters, educate the public, and make money. They are an opportunity to promote the work of the RHO, enhance its image, and create excitement about the organization and its work. They can provide an opportunity for staff, board members, supporters, and the community to celebrate. This reinforces their identification with the organization. Or, they can provide a time to thank and reward volunteers and financial contributors. Special events may not themselves make much money but they are an opportunity to broaden future public support and indirectly leverage resources.

Organizing special events involves many people—staff, volunteers, and board members—working many hours to plan, implement, and evaluate the events. Costs can escalate quickly unless there is good planning and careful budgeting beforehand.

A special event should center on something that people want to do, which requires some understanding of the target audience and its preferences. There can be advantages in designing an event that will be repeated year after year and become an important part of the community’s calendar. Choosing a good time of year is important—a holiday period, or during events that people celebrate anyway, can work well. Special events can take many different forms (see sidebar for examples).

Public collections are a good way to reach large segments of the population at low cost. They also can be an effective way to educate individuals and promote causes. The downside is the possibility of theft or fraud if the program is not properly administered.

Examples of special events

CARE, the international development agency, holds a “No Show” banquet in the United States. The invitation says, “You are invited, but please don’t come.” CARE asks people to stay home and contribute in three categories: \$100: “Count on me. Here is my contribution for the new outfit I don’t have to buy for the banquet.” \$50: “Thank goodness I don’t have to eat another bad chicken dinner.” \$25: “Thank you for inviting me. I would be glad not to come so that CARE can provide assistance to those struggling for daily survival.” This particular event appeals to Americans who are often asked to attend special dinners, but it can be adapted to other communities.

A women’s association in Zimbabwe holds an annual golf tournament with local celebrities and politicians. The golf club donates the use of the golf course, and the money paid by people to play with the celebrities goes to the association.

Successful collections depend on having a strong volunteer program, good printed materials, and well-designed collection boxes, particularly if education or promotion is part of the purpose. It also helps to publicize a collection ahead of time either in the newspaper or via outdoor advertising.

Collections can be done in different locations:

- ✦ **House to house collections** require a group of volunteers who understand the organization and can articulate what the RHO is doing. Choosing the right neighborhood and preparing materials to leave with each prospective donor is crucial.
- ✦ **Street collections** require volunteers to be aggressive in soliciting the donation. They must be willing to engage people on the streets and to place themselves in view of those walking by. Collections at street fairs or other public gatherings are usually successful and require only permission from the event planners and enthusiastic volunteers. Promotional or educational materials can be handed out to each individual who makes a donation.
- ✦ **Placing collection boxes at businesses** is the easiest way to use collection boxes, but it requires diligence in collecting the donations, as well as volunteers to count the money. Hotels, restaurants, or other businesses will often allow charitable organizations to leave a canister on the counter where people can deposit change.

Membership systems involve formally affiliating donors to an organization. They have a number of advantages. They give an organization an indication of how broadly-based its support is and which groups really care about its mission; they enable the organization to increase its political power through increased membership; and they provide a potential source of new volunteers and future funding.

Creating a membership program provides donors with an easy way to give and a sense of belonging which is likely to lead to more commitment and longer-term support. Annual membership fees are a reliable source of income and provide opportunities for the organization to ask for other donations.

Membership programs require good organization and attention to individual records. The key to a successful program is renewing each member annually and using the information collected to identify future opportunities. Members can become valuable volunteers and, at a minimum, they should be invited to all events and receive newsletters and regular progress reports.

Collections can be a way to publicize an organization or its cause.

Raffles are a relatively easy and fun way to raise money. A raffle appeals to a person's desire to get something for less than it is worth. The key to a successful raffle is to have the prizes *donated* from individuals or businesses. Gifts can vary—cash, services, dinner at a restaurant, a one-time shopping spree, a television, or even a trip. There are usually between one and five prizes, one being the Grand Prize. If many tickets are sold, a person's chances of winning are small, but the money collected will more than pay for the printing of the tickets and advertising of the raffle. Most of the income should be profit.

Family Planning Association of Bangladesh-raffle

Every year the Family Planning Association of Bangladesh holds a raffle. Each branch is responsible for selling a certain number of tickets and is free to decide how to structure its volunteer effort. Headquarters collects all the donations, prints the tickets, and advertises the raffle well in advance of the draw. Individuals and businesses donate all the prizes each year. The raffle does not account for a large portion of the overall budget but has had considerable value in terms of marketing and public relations. The Association has become more visible to the community and is linked with an activity that gives people pleasure.

Individuals as volunteers

Local volunteers offer a number of advantages. They can bring in skills not currently available in an organization and increase networks and linkages for fundraising. By using volunteers, salary costs can be reduced and community support nurtured.

On the other hand, it may be difficult to find volunteers with the necessary skills, or to have the level of control over performance that could be expected from paid employees. In addition, volunteer services are not without cost. Volunteers need training, management, and constant

What can volunteers do for an RHO

- *Help distribute information and commodities.*
- *Provide financial and legal expertise.*
- *Help with general administrative tasks.*
- *Edit the newsletter or other publicity materials.*
- *Help with all aspects of fundraising, including the actual "asking" for support.*
- *Organize and run special events.*
- *Coordinate raffles, collections, and membership drives.*

encouragement to ensure a reasonable long-term commitment. Selecting the right volunteers and creating conditions that encourage them to stay are therefore very important.

There are three types of volunteers: leaders who take the initiative and get things done; followers who do a good job but need the right leadership; and individuals who are enthusiastic but rarely complete a task. This last group is the most troublesome for a volunteer program and should not be recruited.

Understanding why individuals volunteer can help in recruiting appropriate people and ensuring that their needs, as well as those of the organization, are met. Reasons for volunteering can include altruism, a search for new opportunities, a desire for self-promotion, or increased social influence. Satisfying these wants where appropriate and providing adequate motivation are crucial. To get suitable volunteers to remain requires understanding their limitations as well as their wants. It is important, for example, that demands on their time and energy are realistic.

Although the rewards for volunteers are not primarily monetary, financial incentives are sometimes offered to motivate volunteers. This can create problems. Often these incentives are covered by donor grants that are short-lived and cannot be continued by the organization itself. Sometimes the incentives are tied to performance. This can be difficult to monitor and may encourage dishonest reporting.

Many organizations experience a rapid turnover in their volunteers. A well-designed volunteer program will deal with this. Among other things it will provide volunteers with:

Examples of volunteer workers

One of the challenges facing RHAC was to develop a cost-effective but sustainable strategy for its community-based workers. The program was developed using local volunteers with only a minimum of remuneration from sales of subsidized low-priced family planning commodities. Selling the commodities did not generate a living wage for the volunteers, nor leave them enough time to support their families from other sources. Drop-out rates for the volunteers were very low, but many of them were passive rather than active volunteers. Since there are costs associated with training and supervising these passive volunteers, RHAC began dismissing some workers and paying the highly productive ones.

International Planned Parenthood Federation makes extensive use of volunteers. Through their worldwide network of affiliates they have 120 million volunteers, working through 76,000 service delivery points, serving two million clients a month.

- ✦ A good understanding of the organization's mission
- ✦ A clear and realistic job description
- ✦ Thorough training
- ✦ Continual information, briefings, and supervision of their work
- ✦ Feedback, recognition, and reward
- ✦ Reasonable conditions of work.

Applying the concepts—What types of community support are appropriate for your organization?

Step 1: Determine whether volunteers are a potential source of support for your organization

Volunteers are a potential source of leverage for most RHOs. Discuss with other staff the possible roles volunteers might play in your organization and why volunteers may be interested in supporting your activities.

Step 2: Determine whether fundraising is a leveraging option for your organization

Fundraising from individuals or business is also worth considering for most RHOs. This is particularly true if:

- ✦ There are no laws or regulations in your country that prohibit you from soliciting individuals or working with businesses.
- ✦ There are no cultural constraints or religious prohibitions.
- ✦ There are tax incentives for individuals or businesses to contribute to your organization.
- ✦ You have had a positive experience with raising funds from business and individuals in the past.
- ✦ You have an established and active group of supporters and contacts in the business community.
- ✦ The local economy is strong.
- ✦ You have the type of organization or project that would be interesting to the business community. For example, you may be an organization with a large constituency that business could see as part of its market or an organization with prestige, visible presence, or connections that the business would value.

Given this, decide if fundraising is a possible option for your organization. Chapter 10 provides an opportunity to examine fundraising in light of your mission and the requirements it may place on your organization. The specifics of implementing fundraising activities are discussed in Chapter 13.

Applying the concepts—Who are your potential community supporters?

Step 1: Identify potential individual supporters in your community

Every person who comes into contact with your organization is a possible donor—the landlord, the delivery person, the vendor, the shopkeeper, the tourist, the banker, and even the client are all potential supporters of your RHO.

1. Keep a list of all people your organization comes into contact with and begin to develop a database of potential donors.
2. Brainstorm with the core group of your organization (the board of directors, staff, and volunteers) and ask:
 - Which individuals currently support your RHO?
 - Which individuals are most affected by your activities?
 - Which individuals are most committed to the organization's purpose and goals?
 - What connections do you have through your board of directors, staff, or other NGOs?
 - Who, from this group, is most capable of and able to support your work?
3. Be sure to list business connections, professionals with whom you do business, friends and family, and membership organizations that support similar causes to your RHO.

Step 2: Identify potential business supporters in your community

Make a list of all those businesses that:

- ✦ Supply your organization—accountants, attorneys, office suppliers, advertisers, consultants, or food services
- ✦ Already support your organization in some way
- ✦ Are known to be charitable and that you believe share your mission or values
- ✦ Are in closest proximity to your organization
- ✦ Do business with board members, staff, and volunteers
- ✦ Employ your clients and their families
- ✦ Have expressed any interest in your work.

You can identify businesses to add to this list through discussions with staff, checking with local business associations or the local chamber of commerce, talking with other NGOs, and reading the newspaper.

Identify the ten most promising possibilities. Businesses that want to promote themselves within the community or with a product or service they are trying to promote are good candidates.

Resources

Beyond the Annual Campaign: A Handbook for Sustainable Fundraising. Kristin Majeska. (Stockton, CA: Katalysis North/South Development Partnership, 1994).

Effective Fundraising: Tools and Techniques for Success. Leslie G. Brody. (Acton, MA: Copley Publishing Group, 1994).

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The WorldWide Fundraiser's Handbook: A Guide to Fundraising for Southern NGOs and Voluntary Organizations. Michael Norton. (London, UK: International Fundraising Group and Directory of Social Change, 1996).

Chapter 6

Donor Agencies

Introduction

It is easy to see how an exchange is taking place when clients are involved—they pay money and receive a service or product directly. The idea that support from donors also involves some kind of an exchange is less obvious. But it is true and is important to understand. There are many different kinds of donors, but they all invest in programs or organizations to address their own social objectives—objectives that are determined by their constituency or supporters. They expect to satisfy these objectives when they make a contribution and they may impose conditions to help ensure this.

Knowing something of donors' motivations for giving and their requirements for funding recipients is critical to identifying suitable sources of leverage. The first part of this chapter describes the main types of donors and important features of how they operate and reveals the variety of donor options that exist. The specifics of how a particular donor functions in a particular country (information which is vital to proceeding further) can be obtained by making direct contact with that donor. Details on how to make those contacts can be found in Annex 1.

There are several ways that donors support organizations. They can provide loans, grants, or in-kind contributions, for example. Funding mechanisms differ in the demands they make of a recipient, in their flexibility, size, and availability. When deciding on the details of a leveraging strategy, it is important to be familiar with the peculiarities, limitations, and advantages of each. The second half of this chapter focuses on funding mechanisms.

The chapter closes with several questions to assist you in exploring possible mechanisms of donor support and in identifying potential donors for your organization.

Some agencies are highly specialized in terms of the kind of support they offer. The U.S. Peace Corps, for example, basically provides expatriate volunteers. The World Bank provides loans primarily to governments. Most donors, however, offer a range of different types of support. Figure 6.1 shows, very broadly, the links between the types of donors and types of funding mechanisms.

Donor agencies differ from one another in what they give, how they give it, and what they want in return.

Figure 6.1 The types of resources provided by different kinds of donor agencies

DONOR AGENCIES	TYPES OF RESOURCES DONORS PROVIDE					
	Grants	Loans	Endowments	In-Kind Contributions	Volunteers	Technical Assistance (TA)/Training
Local and National Government (e.g., MOH, City Council)	Some act as intermediary for other donors providing grants	Some act as intermediary for other donors providing loans	Uncommon	Some provide buildings, land, staff	Uncommon	Some provide TA as intermediaries for other donors
Bilateral (e.g., USAID, DFID)/Multinational (e.g., UNICEF/WHO/UNFPA)	Most provide grants but often through intermediaries	Some provide loans usually through intermediaries	Few other than USAID provide endowments	Most provide in-kind including equipment, buildings	Some UN agencies provide volunteers	Many provide TA or training through a project
Foundations (e.g., Ford Foundation, Packard Foundation)	Most provide grants, the larger grants usually through an intermediary	Some provide loans often as program-related investments	Some larger foundations, provide usually to organizations they have funded in the past	Uncommon	Uncommon	Some, mostly the larger foundations, provide TA
NGOs/PVOs (e.g., Save the Children, CARE)	Some provide grants often acting as an intermediary for other donors	Uncommon	Often receive endowments but do not provide endowments	Most provide some in-kind support	Many use volunteers themselves but few provide to other organizations	Some provide TA often acting as an intermediary for other donors
Volunteer Organizations (e.g., U.S. Peace Corps, U.K. VSO)	No	No	No	No	All provide international volunteers of varying skills and duration	All provide TA through their volunteers

National and local government agencies

Governments (either at national, state, or local level) are the main source of support for many NGOs, providing resources either from their own tax income or acting as an intermediary for other donors. For example, Catholic Charities USA—a network of 1,400 social service agencies—receives about two thirds of its revenues from federal, state, and local governments. In developing countries, too, governments play a key role, as the examples in the following box illustrate.

Examples of support provided by government agencies

- *Various ministries in Plateau State, Nigeria, provided staff to a local women's organization to work in their market clinic, manage their cassava processing plant (an income-generating activity), and give training on cassava growing.*
- *The city government in Gweru, Zimbabwe, provided land and a building for a youth center that provided local youth with a place to play sports, learn some vocational skills, and receive counseling on reproductive health.*
- *In Senegal, the World Bank funded a large health sector decentralization project. Part of this funding was channeled through municipalities so that they could contract local NGOs to assist them in developing the municipality's capacity to provide reproductive health services.*
- *The Ministry of Health in Cambodia provided RHAC with family planning commodities that were donated by United Nations Population Fund (UNFPA) and the German Bank for Reconstruction (KfW).*
- *In Guatemala, the Ministry of Health contracted local NGOs to provide services to indigenous populations that were not currently being reached through MOH facilities.*

Develop good relationships with the government and with the international organizations working in your country. They are often the conduits for funding from other sources.

Funding often flows through specific agencies within the government, such as the ministry of health or the city health department. Sometimes it comes directly from a political body, such as a city council or local government board.

Governmental agencies are often the gatekeepers for international governmental funding, and maintaining good relations with them is desirable.

One of the problems with government funding is the complicated bureaucracy involved. This makes it difficult to find out how to obtain support, and creates delays in dispersing funding once it is approved. It also may mean that the recipient RHO has limited control over any resources it gets, particularly in-kind contributions. For example, an RHO given the use of a government motor pool vehicle may not be sure how well the vehicle is serviced, or even if the vehicle will be available when

required. Similarly, it can be difficult to ensure that government-provided staff perform adequately when the ultimate authority over them resides elsewhere.

Some NGOs are ineligible to receive government funding because of their political orientation, ideology, or the type of services they provide. Clearly this is not a problem public sector RHOs have. Their difficulties lie in competing with other sectors for government resources.

To find out about possible sources of government support consult:

- *Representatives in national and local government (including mayors, city councils, and district management teams)*
- *Representatives in national or local agencies including the ministry of health, city health departments, and national population councils*
- *Bilateral and multilateral donor representatives*

Embassies: A good source of information

Many embassies have an ambassador's development fund. The grants provided through these funds are often small, ranging from US\$1000–\$5000, but have the advantage of local administration. Embassies are often the best source of information on their country's development aid program and how it functions. They also are a mechanism for donor agencies to get to know the RHO. They may be impressed enough to support proposals for additional funds.

Bilateral and multilateral agencies

The general picture

Bilateral agencies are organizations that receive funding from their government to provide assistance to another country. In some countries, they are a governmental agency, in others they are an NGO that is formed to manage government development funds. USAID, the United Kingdom Department for International Development (DFID), the Japanese International Cooperation Agency (JICA), and the Swedish International Development Agency (Sida) are all examples of bilateral agencies.

Multilateral agencies are organizations that receive funding from a number of different country governments. The United Nations agencies (UNFPA, UNICEF, United Nations Development Program (UNDP), United Nations AIDS Programme (UNAIDS)), the World Health Organization, the World Bank, and the European Community are all examples of multilateral organizations.

Bilateral and multilateral agencies are a major source of development funding, US\$47.6 billion in 1997 alone, but their contributions have been declining globally. Between 1996 and 1997 funding dropped 14.2 percent.⁷ This is partly because donor countries have been experiencing economic difficulties and have questioned the effectiveness of foreign aid. This climate of caution and skepticism has made competition for funding tough.

The overall decline in aid also has been accompanied by geographic and programmatic shifts. For example:

⁷ Aid and Private Flows Fell in 1997, OECD News Release, Paris, 18 June 1998.

- ✦ The proportion of aid directed toward long-term developmental efforts has fallen while support for emergencies and areas in conflict—for example Bosnia and Rwanda—has increased. Nevertheless, some countries with particularly severe problems of underdevelopment, such as Cambodia or Mozambique, are likely to continue to receive assistance for some time.
- ✦ Eastern Europe and the states of the former Soviet Union have received significantly increased aid budgets in recent years with much of this support going to banking and private sector development projects.
- ✦ The percentage of development assistance earmarked for health, education, and agriculture has declined.
- ✦ There has been a shift in public development funding to commercially-oriented foreign investment.

In general, donors want the organizations and programs they support to make them look good in the eyes of their stakeholders.

How funds flow

Because their funding comes from governments, bilateral and multilateral agencies typically must have an agreement with the government of the country in which they wish to work. In some cases, the national government may require that all funding flows through them. In others, the government must give overall approval for a donor project which, in turn, can provide support to certain designated municipalities, NGOs, or other organizations.

Support—financial, technical, and in-kind—is often channeled through an intermediary. USAID, for example, uses intermediaries such as AVSC International, Center for Development and Population Activities (CEDPA), Pathfinder International, or Population Services International (PSI). It also directs its funds through projects managed by a U.S. organization. John Snow, Inc. (JSI), for example, manages USAID projects such as Family Planning Service Expansion and Technical Support (SEATS) and Family Planning Logistics Management (FPLM) while the organization Management Sciences for Health (MSH) manages the Family Planning Management and Development (FPMD) project. The USAID Mission will often link local organizations with their intermediaries, but the funding decision usually lies with the intermediary. In a few cases, USAID will provide direct funding to an RHO, but several conditions must be fulfilled for this to happen.

Access to bilateral and multilateral aid often requires, or is facilitated by, a relationship with another organization with headquarters in a donor country. For example, some European Commission (EC) funding is managed centrally in Belgium with access restricted to European NGOs. To access these funds, a relationship must be established with a European NGO.

Sometimes bilateral agencies develop country programs that specifically include activities suited to a reproductive health organization's strengths and goals. German Technical Cooperation (GTZ), for example, may be developing a program in Cambodia that includes reproductive health. There are considerable advantages in being included in the early stages of the development of such programs. Small grants programs offer an alternative initial point of entry.

To find out about possible sources of support from bilateral and multilateral donor agencies consult:

- *Annex 1*
- *The Guide to European Population Assistance*
- *Country offices of larger donor agencies*
- *Embassies*
- *Other RHOs*

Donors look for clues in an organization's "assets"—those attributes of an organization which inspire confidence that it will do what it promises.

Donor preferences

Donors generally want the resources they make available to reflect well on themselves and to appeal to their constituency. Otherwise they put their own survival in jeopardy. Most donors will be looking to support organizations that they believe will:

- ✦ **Do a good job**, i.e., use the support provided efficiently and effectively. Donors look for a track record that demonstrates an ability to marshal the technical and operational expertise needed to deliver the program outputs promised and to do this in an efficient, cost-effective way. Organizations with a strong track record stand a much better chance of obtaining additional resources than new or weak organizations.
- ✦ **Address shared programmatic objectives**, i.e., adopt approaches and produce outcomes that are compatible with their own values, objectives, and interests and with those of their constituency. The organization they support is, in effect, their agent and they want to be confident that through their support they are contributing to the achievement of their own goals.

In general terms, this often means that donors favor **non-profit organizations** and organizations which deliver **services to the poor**. Sometimes donors will look for indications of **community involvement** as a demonstration of commitment on the part of the community, and the willingness of the organization to work with the community. Most donors will place considerable emphasis on the virtue of **sustainability**—they expect the RHOs they support to work toward reducing their dependence on external donor funding.

- ✦ **Keep them adequately informed**, i.e., provide periodic reports of programmatic progress and the use of the resources received. Donors need to be able to report back to their own stakeholders—public authorities, individual donors, trustees, stockholders—what they were able to accomplish with the resources they made available to other organizations. For this they need clear, timely, accurate reports from the organizations they support.
- ✦ **Acknowledge their support**, e.g., generate favorable publicity that supporters can reference when reporting on their performance to their own constituencies.

Donors look for clues as to the likelihood of an organization satisfying these requirements in an organization's "assets"—i.e., those attributes inherent to an organization which inspire confidence that it will do what it promises. For example, donors are attracted to well-managed organizations led by creative, competent individuals and they look for accounting systems that are trustworthy and accurate.

Donors differ in the types of activities they fund and the means they use for providing resources. For example, some donors have a reputation for funding buildings and audio/visual equipment, while others are known for funding technical assistance. Some donor support appears closely tied to the politics of the donor country, while others are not as politically influenced. Some donors prefer to support health and related projects, while others prefer programs outside the health field.

The scale of support can vary considerably. Larger donors prefer to fund relatively large projects. There are two principal reasons for this. First, there are "economies of scale" of management—it often takes almost as much effort to monitor a small project as a large one. Donors also see large projects as having a greater potential for impact than smaller ones.

The preferences of multilateral and bilateral donors differ from one organization to another. Even for a given donor, preferences can differ between countries and change over time. Figure 6.2 illustrates some of that variation using USAID as an example.

Since understanding the preferences of donors is crucial to designing a leveraging strategy, RHOs need to actively seek this information by making contact with the local office of donors operating in their countries. Most donors have either a country or regional plan that indicates their funding priorities, geographic focus, and program areas. They will also usually have either a country or regional office if they are active in a country. Annex 1 lists the major bilateral and multilateral agencies and indicates how to contact them.

Figure 6.2 USAID’s mission and country preferences

USAID's global mission is "to contribute to U.S. national interests through the results it delivers by supporting the people of developing and transitional countries in their efforts to achieve enduring economic and social progress and to participate more fully in resolving the problems of their countries and the world." The specific programmatic objectives designed to achieve this mission vary, however, by country and over time, as the following examples illustrate.	
USAID/Mozambique's 1999 Strategic Objectives <ul style="list-style-type: none">- Rural household income increased in targeted areas- Government and civil society are effective partners in democratic governance at national and local levels- Increased use of essential maternal/child health and family planning services in focus areas- Increased use of sustainable natural resource management practices	USAID/Guatemala's 1999 Strategic Objectives <ul style="list-style-type: none">- More inclusive and responsive democracy- Poverty reduced in selected geographics- Better health for rural women and children- Priority on sustainable natural resource management and conservation of biodiversity
USAID/Senegal's Strategic Objectives	
1997 <ul style="list-style-type: none">- Decrease family size- Increase crop productivity through improved natural resources management in zones of reliable rainfall- Increase liberalization of markets for natural resource-based products	1999 <ul style="list-style-type: none">- Sustainable increases in private sector income- More effective, democratic, and accountable local management of services and resources in target areas- Increased and sustainable use of reproductive health services in targeted areas

Foundations

What is a foundation?

A foundation is a nongovernmental, nonprofit organization that provides funding to other organizations and to individuals that maintain or aid charitable, educational, religious, or other activities serving the public good. The Ford Foundation and the Aga Khan Foundation are two well-known examples.

Most private foundations originally derive their funds from a single source, such as an individual, family, or corporation. Some foundations, usually public foundations, rely on continuous fundraising for the principal funds. All foundations, whether private or public, are governed by country-specific rules and regulations and are required to give a certain percentage of their income away each year.

Foundations, also called trusts, vary in asset size as well as the amount of funds they disburse each year. Each has its own funding priorities. Support can include general-purpose grants or support for specific topics or activities. Some fund internationally, others locally.

Large international foundations function rather like some of the multi-lateral and bilateral donors. They often have field offices, staffed by experts in certain program areas, which are the initial point of contact for any organization exploring support. Applications for funding are screened in the field offices before being sent to the central office.

Three main criteria used by the Carnegie United Kingdom Trust

1. *Is it within our guidelines?*
2. *What is the quality of the idea?*
3. *Can the organization deliver?*

(Michael Norton and Michael Eastwood, *Writing Better Funding Applications*, 1997)

Monitoring and administrative requirements are likely to be strict. Information on the foundation's program policies, structure, history, and staffing must be obtained before proceeding with any application.

Smaller international foundations, including family foundations, often stipulate less stringent requirements in their grant agreements. Access to information and to the decision-makers is relatively easy since individual donors are often actively involved. Small foundations are often attracted to local NGOs.

National foundations fund local organizations and are sometimes called Community Foundations. For example, Child Relief and You (CRY)/India earns funds through local and international fundraising and provides grants to child welfare organizations. These foundations, and others like them, have the advantage of an insider's understanding of the operating environment of NGOs. Foundations exist in most countries but can be difficult to find out about because they do not usually have a centralized source of information.

Corporate foundations take many forms. Sometimes, the regionally based office is permitted to donate resources locally without any interference from the central office. Some businesses provide technical

Foundation funding is a largely untapped resource for indigenous NGOs. It is also an increasingly attractive one.

Figure 6.3 Characteristics of different types of foundations

Foundation Type	Description	Source of Funds	Decision-Making	Requirements
Independent (e.g., international and family foundations)	A grant-making organization established to aid social, educational, religious, or other charitable activity	Endowment from a single source such as an individual or family	Decisions are made by an independent board of directors, by a bank officer acting on a donor's behalf, or by family members	Usually make donations in specific fields of interest and have standard guidelines
Company-sponsored (e.g., corporate foundations)	An independent grant-making organization with close ties to the corporation providing funds	Endowment and annual contributions from a profit-making corporation	Decisions are made by board of directors composed of corporate officials or by local company officials	Make donations in fields related to corporate activities or in communities where corporation operates
Community	A publicly sponsored organization which makes grants in a specific community or region	Contributions received from the community—individuals, businesses, and organizations	Decisions are made by board of directors representing the community	Generally limit donations to organizations in the local community

Foundations recognize the growing importance of NGOs in building civil society and see the voluntary sector as the most effective vehicle for achieving their goal of facilitating development.

assistance in the form of financial and marketing expertise. Others provide in-kind donations of equipment, pharmaceuticals, or product donations. In general, corporations are keen to create a local presence and develop relationships with leaders in the community and the government.

Trends in foundation funding

Foundation funding may be an untapped resource for indigenous NGOs. The endowments of many foundations have benefited enormously in recent years from the large financial gains made in U.S. stock markets and, until recently, other emerging markets. Many countries have enacted new tax laws designed to encourage philanthropic giving, and banking systems have improved worldwide, making the mechanics of donating simpler.

Not only are many foundations in a good financial position, they are also beginning to look at using NGOs to help them further their own goals. Many foundations believe that traditional approaches, such as using foreign aid channeled through intermediaries, have failed, so they are exploring ways to fund local groups directly. They recognize the growing importance of NGOs in building civil society and often see the voluntary sector as the most effective vehicle for achieving their goal of facilitating development. Some are creating partnerships with NGOs, particularly NGOs in developing countries. Communications technology has facilitated this process.

The external environment has also begun to change for foundations. Associations of philanthropic organizations, which include all types of foundations, have been forming in many parts of the world. In both

The Packard Foundation

The Packard Foundation, through a five-part population grant program, supports:

- *Proven strategies to meet the need for reproductive health care*
- *Development of new strategies to assist young people entering their reproductive years*
- *Initiatives to mobilize resources and political will to address rapid population growth in developing countries*
- *Efforts to preserve and expand reproductive choices*
- *Programs that will prepare a new generation of leaders to deal with the population challenge*

The Foundation has particular interest in eight focus countries: Ethiopia, India, Mexico, Myanmar, Nigeria, Pakistan, the Philippines, and Sudan.

(The David and Lucile Packard Foundation, Program Guidelines, 1999)

The Public Welfare Foundation

The Public Welfare Foundation, through its Population and Reproductive Health Initiative, supports programs that:

- *Provide innovative international community family planning that enhances the status of women and connects family planning to other reproductive health issues in countries with the greatest need*
- *Work to prevent the spread of HIV and AIDS, especially among women and people of color, where the rate of infection is growing rapidly*
- *Address reproductive rights, including the right to safe abortion and informed consent*
- *Pursue emerging reproductive health issues.*

(Public Welfare Foundation, Funding Priorities, 1998)

Europe and the United States, these groups have begun to collaborate on plans to use the private sector to leverage more money from governments and corporations. These associations have created joint funding initiatives and strategic planning activities aimed at improving the climate for funding local NGOs. In the United States, Affinity Groups—groups of foundations that support similar causes or issues—are encouraging their members to fund NGOs directly.

What foundations look for from an RHO

Some foundations support areas such as health care and the environment. They are often interested in funding an organization's effort to create self-sufficiency and independence. Sometimes, their emphasis is on supporting new directions and establishing projects that might not be funded by traditional sources. A few foundations even grant seed money for pilot projects that break new ground.

In considering support, a foundation will first make sure that the purpose of the organization or project matches the foundation's interests as well as addresses a need in the community. It will also take into account such things as whether the RHO has a history of funding by other sources, a strong and involved board of directors, a committed group of volunteers, and a qualified and committed staff. A realistic budget and demonstrably sound financial management may also be important.

Almost all foundations require the submission of a grant application or a funding proposal, although their precise requirements vary considerably. Annex 1 provides a list of foundations known to support reproductive health activities, together with their contact information and funding preferences.

Most foundations require a proposal or grant application before they will provide funding.

To find out about possible sources of support from foundations consult:

- *Annex 1*
- *The resource list “Website Descriptions”*
- *The U.S. Foundation Center and the European Foundation Centre*

Other donor organizations

NGOs/PVOs

Private voluntary organizations are international NGOs that address a social need. They often act as an intermediary for bilateral agencies or channel individual donations from their home country to support activities in developing countries. They can directly fund the activities of RHOs or form a partnership with them. They may provide both financial support and technical assistance, and are an excellent resource for networking. Examples of such organizations include Save the Children, CARE, International Planned Parenthood Federation (IPPF), Marie Stopes International, Plan International, Oxfam, and Radda Barnen.

One advantage of these NGOs is that they tend to provide long-term support, often operating for many years in a community. However, they are also increasingly feeling pressure to demonstrate to their own donors that the programs and activities they support are sustainable. As a result, funding from these organizations tends to be more time-limited than it used to be.

Most of these organizations have either a country or regional office in areas where they provide support. This office can provide information about the type of activities and organizations they support, the amount of funding they might provide, and the requirements that must be met in accessing funding from them.

Child or community sponsorship

Several international NGOs, including PLAN International and Save the Children, run sponsorship programs to raise funds. They ask individual donors to “adopt” a child or a community and contribute a small amount of money each month for many years. The NGO uses the donated funds to pay for general community and child development activities such as water and sanitation, education, road construction, health, family planning, and micro-enterprise. In return the individual donors receive letters from their adopted community or child. These programs often last ten or more years.

Volunteer organizations

There are a number of organizations that provide volunteers to work with communities and organizations. The UN Volunteers, the Canadian CUSO, U.S. Peace Corps, the United Kingdom Voluntary Services Overseas (VSO), and other programs that employ retired business executives, are some examples. The field offices of the volunteer service organizations and the embassies of the country in which the organization has its headquarters are good sources of information about acquiring an international volunteer.

Service organizations

Rotary Club and Lions Club are examples of international service clubs that support various social service projects in areas such as health, education, and disaster relief. Their members are typically business people interested in community service and humanitarian relief. They often support international initiatives (e.g., polio eradication, blindness prevention, health, and education services) through their local chapters. Most have a presence in major cities throughout the world.

Religious organizations

Many religious institutions support various humanitarian efforts, channeling funds through local churches and related charities including the Islamic Foundation, American Friends Service Committee, and Catholic Charities. Sensitivity to issues of family planning and reproductive health may limit the potential for support of RHOs through these organizations.

To find out about volunteer agencies, service organizations, companies, or international PVOs/NGOs consult:

- *Annex 1*
- *Embassies*
- *Chambers of commerce*
- *Bilateral organizations*

Mechanisms of funding

Donor agencies have many different means of providing support to RHOs, including grants, loans, endowments, and in-kind support. Figure 6.4 summarizes the key features of these different mechanisms and the sections in the rest of this chapter elaborate on this.

Figure 6.4 Characteristics of different mechanisms of funding

Characteristics	Mechanisms of Funding			
	Grants	Loans	Endowments	In-Kind
Conditions and ease of access	Highly competitive Usually require a proposal May require matching contributions	Require a demonstrated ability to repay and possibly collateral	Difficult to get Require major efforts to develop proposal and contract May require matching contributions	Often relatively easy Usually does not require a proposal
Accounting demands	Time-consuming and costly, especially for large grants	Few, if re-payment is made on time	Can be high in relation to financial returns	Few
Usefulness	Time limited Tied to specific programs or services	Can only be used for the purpose the funds were lent Only appropriate for activities that yield revenue	Very flexible Long-term Useful as emergency reserve fund	Limited flexibility May not be what is needed (type, availability, quality) Recipients may undervalue
Risk	Limited	High risk	Limited. Principal's value may grow or shrink	Limited
Size	Variable, often depends on the donor agency	Variable	Variable	Often modest
Spin-off effects	May create dependency	Develops financial discipline Gives credit history making it easier to get future loans	Enhanced image may attract other donors Image of financial security may be a disincentive to other donors	Method of encouraging community participation when the community is too poor to contribute financially Capital donations may increase recurrent costs

Figure 6.5 Characteristics of different kinds of grants

Type of Grant	GRANT CHARACTERISTICS			
	Purpose	Donor Control	Availability	Requirements
Project	Specific quantifiable objectives Often packaged with technical assistance	High Donor driven	Most common type of grant funding Time limited	Implementation and reporting capacity; track record
Program	Multiple related activities within a program area	Moderate Flexible within overall program	Common type of grant funding	Strategic approach attractive to donor; track record
Activity	Support one or more activities, not necessarily within a single program	Moderate Flexible within designated areas	Fairly common type of grant funding	Long-term relationship with donor; track record; strategic plan
Institution-Building	Support of administrative needs of new & developing activities/functions	Moderate Flexible within designated areas	Rare	Strategic plan attractive to donor; donor relationship
Unrestricted	Continued organizational functioning and development	Minimal Assumes adherence to funding proposal	Very rare	Demonstrated management capabilities; comprehensive financial plan

Grants

Grants, or financial donations, are the most common mechanism for funding reproductive health services in developing countries. Declining levels of donor funding, however, make access to them increasingly difficult. Grants come in many forms—differing in their purpose, the amount of donor control, their availability, and ease of access. Project grants are the most common. Figure 6.5 summarizes the different kinds of grants and their key characteristics.

The characteristics of grants vary significantly depending on the donor. Small foundations, for example, will often provide only limited amounts of funding. However, there are usually few restrictions on the way this funding can be used, and few reporting requirements are attached. Bilateral and multilateral donors, on the other hand, often provide large grants but make substantial reporting demands and exercise tight control over the use of the funds.

Donors are often reluctant to pay for indirect costs—those administrative costs that support a number of activities. There is, however, room for negotiating with donors on this issue and many international and developed country RHOs establish an indirect cost rate (sometimes called an overhead) and apply this to all grant agreements and contracts. This rate is generally kept below 25 percent of total costs.

*Grants are **not free**. For one thing they make demands for reports that can distract an organization from its service activities.*

Most grants require a proposal and some require a local contribution from the organization requesting the grant.

Covering administrative costs

To move away from complete dependence on USAID for core costs, RHAC introduced a new line item into budgets with other funding agencies. This line item was labeled differently for different donors: indirect costs, core costs, management fee, general administration, or overhead are all terms that can be used in roughly equivalent ways. The use of different labels to suit each donor facilitated their approval of the budget. The line item was calculated as a fixed percentage of the total of all other costs in the budget, and was used as a contribution to RHAC's general operating or core costs. As a result of this strategy, all of the funding agencies were contributing to RHAC's general operating costs in proportion to the size of the direct cost activities they funded.

Donors increasingly ask for some kind of matching local contribution to support the grant-funded activity or project. They believe that if an organization is willing to contribute, it is more likely to have a vested interest in the results and be willing to continue the activity when the grant ends. Organizations might be asked to pay a specific percentage of total costs or to give an indication of their contribution in their grant proposals and budgets. Not all contributions need be in cash. In-kind contributions such as volunteer time or office space are also possible.

Accessing grant funding almost always requires a written proposal to the potential donor. The format will vary somewhat, but the general approach is described in Chapter 14.

Loans

There is a growth in social lending—loans for a social purpose that typically have lower interest rates than commercial loans.

Loans are a sum of money lent, often for a specified time, and repayable with interest or a fee. They are not commonly used by RHOs for a number of reasons.

- ✦ Commercial lenders traditionally have not been interested in providing loans to health providers.
- ✦ Most lenders require some form of collateral, something of value that is used to guarantee repayment of the loan (such as a building, land, or equipment), which is difficult for many RHOs to provide.
- ✦ Interest rates in many developing countries are very high.
- ✦ Most services provided by RHOs are unlikely to generate sufficient profit to cover loan payments.
- ✦ The financial risk associated with loan repayment is high.

Several recent developments, however, might make loans more attractive to RHOs. The first is the emergence and growth of social lending—loans for a social cause. These loans are provided at concessionary rates (i.e., below the commercial rate), have an extended grace period, and require little or no collateral. They are often funded by donors but managed by a third party. Examples include micro-credit organizations and international NGOs such as the Program for Appropriate Technology in Health (PATH) Loan Fund or IPPF/Western Hemisphere Endowment Fund for Sustainability, as well as commercial lenders who have received a loan guarantee from a donor or the government that allows them to lend at lower interest rates. Some donors lend directly to organizations. Loans can be as small as US\$1,000 and as large as US\$100 million.

The second is the growing number of RHOs who, in order to subsidize their other services, are undertaking commercial ventures such as selling contraceptives and pharmaceuticals, providing diagnostic services to other local providers, or operating a separate business. Such enterprises were discussed in Chapter 4. Commercial activities are appropriate for loans if they generate sufficient revenue to pay back the loan.

Approval conditions for loans are typically more stringent than those for grant applications. Lenders demand more comprehensive financial information and often require a business plan to show how the loan will be repaid. Inputs from a management or legal consultant are usually required to help develop the business plan. The type of documentation typically required for a loan is discussed in Chapter 14.

Loans, even social loans, are not appropriate for all RHOs. Public sector RHOs, for example, cannot take out loans. Other RHOs need to weigh the advantages and disadvantages when deciding whether a loan is an appropriate type of funding for their organization.

Loans must be paid back, and with interest. They are not appropriate for all RHOs or all programs.

Social lending

A private nurse/midwife in Zimbabwe applied for a loan through her commercial bank to pay for the expansion of her clinic, including building an operating theater and more in-patient beds. Her banker told her about a World Bank loan program that was managed by the bank. The loan had a lower interest rate and a longer grace period. With her banker's assistance, she applied for the World Bank-funded loan and was given enough money to expand her clinic. Her first loan payment was due six months after she first received the funds.

*Endowments can help
an organization develop
greater independence.*

Endowments

An endowment is essentially a sum of money, usually a donation, which is invested long-term to derive earnings for use by the recipient organization. In order to generate reasonable levels of income, these endowments are typically quite substantial. An endowment of US\$1,000,000, for example, would be necessary to get an annual income of US\$60,000 in an environment offering a six percent return. Unlike loans, they do not need to be paid back. Some endowments require matching funds. The endowment investment account is managed separately from the primary functions of the organization. It may be local or off-shore, in U.S. dollars or in local currency.

Endowments are a relatively new mechanism, and the health and family planning sector has had little experience with them. USAID, some foundations, and some wealthy individuals have granted a few endowments, but most other donors have yet to utilize this mechanism. One of the first endowments to population organizations was granted by USAID in the early 1990s to Profamilia in Colombia, a demonstrably strong organization with other sources of support. Less than 10 percent of its support comes from its endowment.

Endowments are made on the basis of a strict contract. This contract will specify among other things:

- ✦ How the endowment is to be provided and how and when funds may be disbursed. The endowment may be established gradually over a period of two or more years, conditional on fulfillment of certain agreed-upon indicators such as the number of clients served and the degree of cost recovery. The donor will usually approve all the initial disbursements of the endowment to the organization.
- ✦ How and when the endowment can be terminated. Some endowments permit the organization to draw down the capital until the endowment disappears. Usually, however, the principal is left intact and the income is perpetually available. Normally the endowment does not have to be returned, but if the recipient fails to fulfill the conditions of the endowment, the donor may reserve the right to withdraw the funds and terminate the endowment.

Endowments are a way of helping organizations move toward greater independence while keeping the institution on-track. The donor reduces its involvement but still maintains some control over the recipient by requiring it to provide audited reports over a period of time, usually several years.

Endowments are an attractive proposition for recipients. The income from endowments is relatively stable and unrestricted and may be used

Debt-swap endowment

The National Population Council in Jordan has applied for an endowment through USAID as part of a debt-swap agreement with the Jordanian government. If approved, the endowment will provide indefinite funding for the core professional staff whose functions will include securing additional funding for other projects and studies.

to fund virtually any program or activity. It helps to limit the disruption caused by ‘the project cycle.’ Often the function of an endowment will be to supplement the organization’s general funding from other sources or to support a core management staff.

Endowments may attract other donors. Being successful in obtaining an endowment is a visible sign of a strong organization and gives the recipient considerable credibility among other donors. The endowment itself also provides a mechanism through which other donors can make investments. Donors are particularly pleased if the investment is used to create something tangible or long-term, such as a department or program.

Not surprisingly, given the substantial sums involved, donors are very careful about approving endowments. They want considerable assurance of the long-run viability of their investment. A painstaking review process can be expected. Preparation of the proposal is often a long and arduous process. It can take two years or more to obtain funding. This can distract staff from other activities and represent a significant hidden cost, although the planning and financial analysis have spin-off benefits for the organization too.

If approved, an endowment will also cost money to run. It requires the services of an ‘assets manager’—often a professional financial advisor from a recognized bank or investment firm. Such a person or firm may be directed by an ‘endowment committee’—a sub-group of the board of directors, normally with participation of the organization’s executive and financial director, as well as board members or other knowledgeable people from the community. Many of these costs are “fixed,” and are independent of the size of the endowment.

Endowments are not for everyone. Donors will look for organizations which have proven themselves capable of achieving their objectives, are well managed, and have excellent prospects. It normally takes several years to build up sufficient experience, reputation, and trust to be considered eligible. It also helps if the donor has played an important role in the creation of the organization. Well-organized financial and administrative systems, including transparent accounting systems able to

To receive an endowment, an organization must have proven itself capable of achieving its objectives, be well managed, and have excellent prospects.

While relatively easy to access, in-kind donations may have implications for recurrent costs.

track sources of income and expenditures, are essential. Complete financial audits, probably annually for the duration of the endowment, will be required.

The most likely candidates for endowments in the near future are organizations with a good track record and a long-term relationship with the donor. Endowments are not an option for the public sector.

In-kind contributions

In-kind contributions are donations in the form of some particular good or service. They could include such things as contraceptive commodities, office equipment, or even bicycles. Many donors provide in-kind support.

In-kind contributions are often the easiest type of support to attract, and minimal demands are made on the recipient. They are a way of encouraging community participation. There are disadvantages, however. The recipient has limited control over the nature and quality of the resource and restricted possibilities for exchange. In some cases, the recipient is dependent on another organization's systems for the delivery, maintenance, and training. In-kind donations also have implications for future recurrent costs.

An example of a problem associated with in-kind donations comes from Zambia. A community in Lusaka mobilized and built a clinic with support from a service organization. The understanding was that once the clinic was built and equipped, the Ministry of Health would provide the staff and supplies to run it. Unfortunately, the completed clinic did not pass the standards set by the MOH and so could not receive MOH support. The community is understandably upset and the district health management team is trying to find funding to upgrade the building.

A double-edged sword

In 1997, USAID stopped funding RHAC's commodities. RHAC was relieved when the Ministry of Health, Cambodia began providing it with contraceptives donated by the German Bank for Reconstruction. This donation proved, however, to be a double-edged sword. RHAC was no longer able to plan for and control its own commodity supply. There were administrative blockages and communication problems concerning how the orders would be made and delivered. RHAC's supply system became as weak as the weakest link in the MOH system. Dependence on the MOH had other effects too, influencing everything from the politics of community outreach workers receiving supplies directly from the poorly paid MOH staff to the lack of any recognizable brand name. The situation threatened to undermine what had been a strong and positive relationship with the MOH.

Other types of support

International volunteers

Most volunteers working with RHOs are from the community in which the RHO works (see Chapter 5). But some—international volunteers—are supplied by donors to support programs in developing countries. A number of government donor agencies provide international volunteers, as do various service and religious organizations. Most volunteer services will ask for something in return for the volunteer's time, such as housing or a local stipend.

International volunteers typically work for a specified time period ranging from a couple of weeks to two years. Often they are young, enthusiastic, and inexperienced—although this profile has been changing as needs have become more specialized and as more middle aged, mid-career people, and retirees become interested in volunteering.

Volunteers often have specific areas of expertise, but no experience working in a developing country environment. The adaptation of their knowledge and skills to the new environment can take time and be frustrating for both the volunteer and the RHO. The value of volunteers may be short-lived if they see their role as directly providing a needed skill rather than transferring skills to the local staff or volunteers. Since volunteers are providing their time free of charge, the organization has less control than with employees over how they spend their time.

Technical assistance and training

Donations of technical assistance and training are often included as part of a grant or project agreement. They help build an organization's capacity or staff skills but may have hidden costs:

- ✦ Better-trained staff may leave to find better paying jobs.
- ✦ The kind of assistance provided may be limited, focusing on only one program area, and attracting attention away from core activities.
- ✦ Technical assistance organizations sometimes make significant reporting demands on recipients.

As with almost every type of support, technical assistance and training have some hidden costs.

Applying the concepts—Examining the role of donor support for your organization

This chapter has described the broad categories of mechanisms of support that donors can provide. You need to think of these types of support in terms of your own organization. Some of the mechanisms may be clearly unsuited to your organization while others may be particularly appropriate. Below are a few points to help you consider various types of support. Later chapters will take you through a process to refine and prioritize your leveraging options.

Step 1: Identify the funding mechanisms suitable for your organization

Consider the following, and list the categories of funding mechanisms that you conclude are worth giving further consideration to in the case of your organization.

- ✦ ALL RHOs should consider **grants, in-kind donations, expatriate volunteers, technical assistance, and training** as potential leveraging sources.
- ✦ Any RHO which can answer “yes” to the following questions should consider the possibility of a **loan**:
 - Do you operate any income-generating activities?
 - Are you willing to provide collateral for the loan?
 - Are there any social lenders in the community or country?
- ✦ Any RHO which can answer “yes” to all the following questions might consider the possibility of an **endowment**:
 - Is your organization non-profit and non-government?
 - Is there confidence in the future of your RHO?
 - Does your RHO have competent management and the capacity to assure accountability of funds?
 - Is your organization able to fulfill the legal requirements for establishing an endowment?

Applying the concepts—Who are your potential donors?

This chapter has outlined the broad categories of donors that exist. Within each of these categories are a large number of specific organizations. Some of these are clearly unlikely to support your particular organization either because of its geographic location or its mandate. This still leaves a significant number of donor possibilities for most RHOs. Your task is to list these as a first step in refining and prioritizing your leveraging options.

Step 1: Identify potential donors for your organization

Brainstorm with colleagues to identify potential donors for your organization. Start with those who have funded you in the past or who have funded similar organizations in your country. Refer to the text in this chapter and to Annex 1 for further ideas. Make sure you consider all the categories below.

Identifying potential donor agencies

A Ugandan RHO decided to explore the potential sources of donor support open to them. They began by compiling a list of the agencies they had heard of that might support health-related activities. First they listed the Ministry of Health—both centrally and at the districts where they worked— and the Ministry of Women’s Affairs. They added the UN agencies and other multilaterals—UNFPA, UNICEF, the African Development Bank, the World Bank, and the European Commission—but decided that some UN agencies such as the International Labor Organization and UNESCO were unlikely to support health activities, and so should not be included.

Developing a list of bilateral organizations was more difficult. As the RHO did not know which ones were working in Uganda or how to contact them, they checked the telephone book. They located contact information for only a few donor agencies, but took note of the embassies of key countries including the U.K., Canada, France, and the Netherlands.

Only one foundation that had an office in Uganda—the Private Sector Foundation—was identified in the telephone book search. However, the resident advisor working with the organization had access to the Internet and ran a search on potential foundations located in the U.S. and Europe that provide support to international reproductive health activities. The RHO now had a list of potential donor supporters and could begin collecting information about each of them.

List specific organizations under each category:

- ✦ National or local government agencies
- ✦ Bilateral and multilateral agencies
- Foundations
- ✦ Other NGOs/PVOs
- ✦ Service organizations
- ✦ Volunteer organizations

You will revisit this list in Chapter 7, where you will have the opportunity to develop profiles of each donor based on what they can offer and their demands on the recipient organization.

Resources

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Chapter 7

Your Funding Environment

Introduction

The previous chapters in this section provided an overview of the three broad sources of support available to RHOs—clients, communities, and donor agencies—and the types of support they provide.

The purpose of this chapter is to encourage RHOs to think of these various possibilities in relation to their own specific circumstances, and to identify all reasonable possibilities in terms of what specific sources and type of support might be suitable for them. This is done in three steps:

- ✦ Preparing a resource mobilization map of all the potential sources of support identified in the exercises in Chapters 3 through 6.
- ✦ Developing profiles of all these specific sources.
- ✦ Identifying the type of support they can offer that may be appropriate for the organization (using the information gathered through the profiles).

Each of these is discussed below with an opportunity at the end of the chapter to apply them to your own specific circumstances. The next section of this Guide, Section III, will help you to narrow the options down into a specific leveraging strategy.

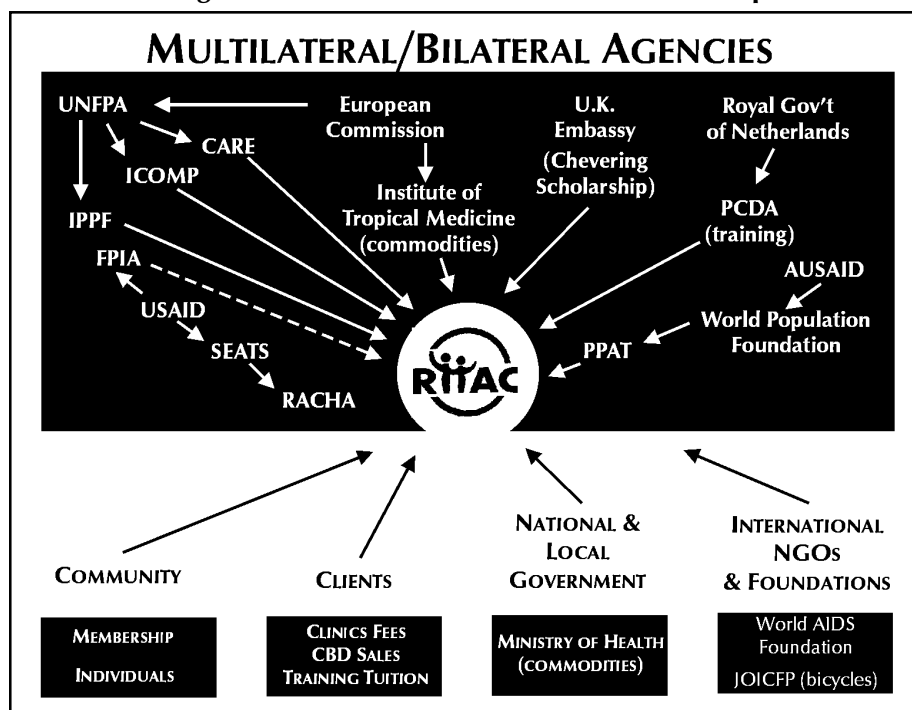
The resource mobilization map

A resource mobilization map shows the specific sources of support an organization either has or could have. It can also indicate the interrelationships between these different sources and how the funds flow through intermediaries. It is a useful summary of an organization's funding options.

Figure 7.1 shows the resource mobilization map RHAC developed—the solid lines show direct funding and the dotted lines indicate indirect support. RHAC started by listing possible kinds of support and, as it learned more about its potential sources of leverage, listed specific names of potential donors, clients, and community supporters. RHAC began with past and current funders, including USAID and its intermediaries—Family Planning International Assistance (FPIA) and SEATS—and later added potential future funders such as the European Commission and UNFPA. It also identified local companies that might either purchase

Understand your specific funding environment.

Figure 7.1 RHAC's resource mobilization map



their services or provide a donation. These included various garment factories and local hotels. The figure illustrates some of the intricacies RHOs face when diversifying their funding base. For example, funding from USAID has flowed through many channels, including FPIA, SEATS, and the Reproductive and Child Health Alliance (RACHA), before arriving as funding to RHAC.

The resource mobilization map is a useful tool for identifying potential sources of support for your organization.

Resource mobilization maps are likely to change over time. Sometimes this will be because the environment, potential supporters, or the organization itself are changing. But often it will be the result of finding out more about a source and discovering that it does not have the potential as a supporter that was initially anticipated.

One advantage of putting together potential sources on a single map is that the pattern and emphasis become clearer. It is important to assess whether this emphasis is appropriate by being aware of the general funding environment and how it is changing. Is the environment a heavily subsidized one dominated by international donors? Or is it one in which self-reliance is promoted and donors are withdrawing? A good resource mobilization map will reflect the nature of the general funding environment.

Client, donor, and community profiles

Preparing a resource mobilization map is a relatively easy step. The next task is likely to be a more time-consuming one. But it is absolutely essential if an RHO takes the responsibility of leveraging for the

Being aware of your funding environment

Donors are withdrawing support in many Latin American countries because of improvements in the social, economic, and demographic situations. With this in mind, a family planning association in Ecuador sought to replace donor funding with grants from foundations and local government agencies, service contracts, contributions from local businesses, and fees from service clients.

In Cambodia, NGOs are operating in a heavily subsidized market where even the Ministry of Health is receiving most of its support from external agencies. RHAC has responded to this by focusing on diversifying its donor support—including bilateral and multilateral funding and foundation grants—while soliciting only modest support from local sources and charging limited fees to clients. This strategy has put RHAC in a better position to identify and pursue appropriate sources of support.

organization seriously. RHOs need to collect some basic information about each of the sources identified in their resource map. This information—in the form of a “profile” of a potential supporter—serves a number of different purposes.

First, the information is necessary in order to decide whether the source identified is worth pursuing. What are specific clients, donors, and community in a position to provide? And what, in turn, will they look for or demand from the recipient organization if they support it? As Chapter 2 pointed out, at the heart of leveraging is an exchange—an RHO’s supporters provide it with resources and it, in turn, satisfies them. To find a suitable match an RHO needs to know supporters’ needs and wants, and the limit of their capacity to respond. The profiles can help to refine and shorten the list of leveraging options.

This is the main but not the only purpose of collecting information on supporters. A second purpose is to help guide an RHO in following up an approach to getting support should it decide that it is worthwhile. For this reason, for example, it is useful to collect information on a donor’s procedures for assessing applications.

Yet another purpose of profiling is to understand how various potential supporters perceive the services an RHO offers. This can be very useful in designing promotional and marketing strategies or pursuing changes in the organization to make it more attractive.

Checklists of questions dealing with all of these issues are provided for each broad category of supporter in Annexes 2 - 6.

Get to know your clients, community, and donors—both their needs and what they can offer.

Resource matrix

One important characteristic to determine about each potential source is the type of support it provides. Donors, in particular, can vary considerably in the mechanisms they employ to support RHOs. The profiling exercise will clarify who provides what. A resource matrix maps this out—sources of support are listed down the left side and the types or mechanisms of support along the top.

Figure 7.2 provides a matrix for RHAC to illustrate how the two pieces of information can be linked.

Figure 7.2 RHAC's resource matrix

SOURCES OF SUPPORT	MECHANISMS OF SUPPORT									
	Fees	Contract	Grants	In-Kind	TA/Training	Endowments	Loans	Local Fundraising	Volunteers	Cost Savings
Own Organization										x
National Government MOH				x						
Bilateral Donor										
USAID/Direct			x		x	x				
USAID/SEATS			x		x					
AUSAID/PPAT			x							
British Embassy					x					
Royal Government of Netherlands/PCDA			x							
Multilateral Donors										
UNFPA/EC/IPPF			x							
UNFPA/ICOMP			x							
UNFPA/CARE		x								
EC/ITM				x						
International Foundations										
World AIDS Foundation			x							
JOICFP				x						
Individual Clients	x									
Organizational Clients		x								
Community Individuals								x	x	
Community Organizations								x		

The matrix shows, at a glance, what sources of support are available for RHAC and the types of support that can be provided. The matrix shows that a number of RHAC's sources of support (e.g., USAID and individuals in the community) provide resources through several different mechanisms. It also shows that if RHAC is interested in establishing an endowment, it knows of only one source that might provide it—USAID. It is important not to forget internal sources of support—RHAC has identified the possibility of cost-saving activities to improve its efficiency. The matrix can be made even more informative by using, in place of a simple 'X', a short description such as "grants between \$10,000 and \$100,000."

A resource matrix links potential sources of support with the type of support they provide.

Applying the concepts—Summarizing potential support

The challenge with resource mobilization maps, supporter profiles, and resource matrices is not to understand what they are, but to actually use them. All these tools are straightforward but they all require time, particularly the profiling exercise. It is important to schedule a block of time specifically to complete the following four steps:

Step 1: Prepare your resource mobilization map

Take the lists you prepared at the end of Chapters 4-6 of specific, named organizations and groups that you considered as possible sources of support for your organization. Record that information schematically in a resource mobilization map (Table 7.1) using Figure 7.1 as a guide.⁸

Step 2: Prepare profiles of your potential donors, clients, and community supporters

Individual Clients: Collect as much as possible of the information asked for in Annex 2 on your potential individual clients. Some of this information may be available in your own service/medical records or in published secondary data sources such as demographic and health surveys and national census data. Staff can also be a good source of information about clients. But at some point you will probably need to approach clients directly. Relatively simple surveys, such as health center exit interviews, interception surveys, or focus groups can be used to collect information that is not available from other sources. Collecting information on individual clients is perhaps the most difficult of all the profiling exercises but also the most essential.

Organizational Clients: Take the list you have prepared of potential organizational clients (from Chapter 4) and collect as much as possible of the information asked for in Annex 3. Colleagues and board members are often a good source of information on local businesses. Newspapers and general press releases, trade association meetings, annual

⁸ Make sure your lists include any current supporters. They have already demonstrated their willingness to contribute and might be willing to contribute more, if not directly then perhaps by opening doors to other donors. They will not want to see an organization they have nurtured collapse.

reports, and conferences can also be informative. Simple key informant interviews may be necessary to obtain some of the information.

Community Supporters: For each group of potential community supporters (from Chapter 5) collect as much as possible of the information asked for in Annex 4. You can get some of this information through personal contacts with your supporters, staff, or board members. Ask volunteers for information. At special events, lectures, or conferences you could ask attendees a few questions about themselves. Contact associations, trade groups, and membership organizations and ask if they are willing to share information they have on their members.

Business Supporters: Take each of the businesses on your list (from Chapter 5) and collect as much as possible of the information asked for in Annex 5. You can do this through personal contacts with one of your supporters, staff or board members, by telephoning and visiting the company, or by talking to employees or customers of the business. Ask for any information they can provide on the company and obtain a copy of their annual report. Check with the Chamber of Commerce, with the media, trade groups, tax collection office, and other NGOs. Most of this information should be readily available but is unlikely to be as centralized as in the case of donors.

Donor Agencies: Take each of the donor agencies on your list (from Chapter 6) and collect as much as possible of the information asked for in Annex 6. You can do this by referring to their publications and by interviewing appropriate individuals from the donor organization. Other sources of information are included in Chapter 6 on pages 62, 64, 67, and 70. Almost all of this information should be readily available and easy to collect.

Step 3: Prepare a resource matrix

Consult the last sections of Chapters 4 to 6 where you identified a possible role for certain mechanisms and types of support from donors, the community, and clients. Make a list of all the mechanisms of support that might be considered by your organization (excluding any that you know would not work for you), and use this as the top axis of your resource matrix table. On the side axis, list all your specific supporter possibilities. Consult the profiles you have prepared for each of these supporters and record in the body of the table which of their support mechanisms might work for you (Table 7.2).

Step 4: Re-examine and refine your resource mobilization map

The next section of this Guide (Section III) will take you through the process of refining your resource mobilization map and defining your specific leveraging strategy.

Table 7.1 Resource mobilization map

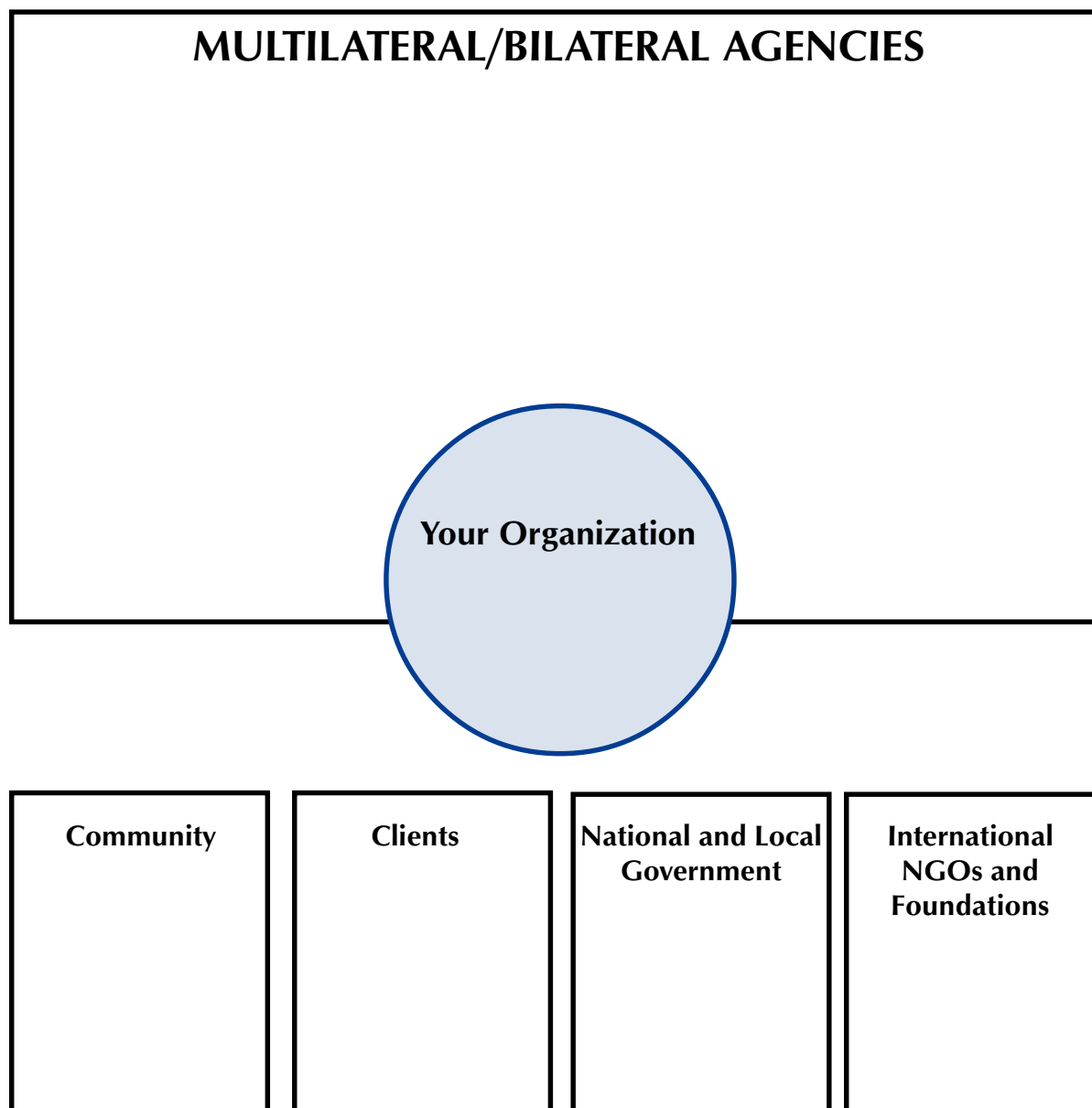


Table 7.2 Resource matrix

SOURCES OF SUPPORT	MECHANISMS OF SUPPORT									
	Fees	Contract	Grants	In-Kind	TA/ Training	Endowments	Loans	Local Fundraising	Volunteers	Cost Savings
Own Organization										
National Government MOH										
Individual Clients										
Organizational Clients										
Community Individuals										
Community Organizations										
Bilateral Donors										
Multilateral Donors										
International Foundations										

The previous section described the nature of various leveraging sources available to RHOs. This section shifts the focus from the external world of funders to an examination of the RHO itself. It describes how to use information gathered from analysis of the RHO together with results from Section II to build a leveraging strategy. The process has three stages:

- ✦ Taking stock of what the RHO has in terms of its mission, organizational assets, and current financial resources (Chapter 8)
- ✦ Identifying what additional resources the RHO wants—linking what it has now with where it wants to be in the future (Chapter 9)
- ✦ Developing a leveraging strategy that will help the RHO decide whom to approach, and for what types of resources, by matching the organization and its needs with funding sources and what they can provide (Chapter 10)

Although the discussion that follows in this section presents a logical way to prepare a leveraging strategy, it is not necessary to treat these three stages as one would a recipe, only progressing to the next when the previous stage is complete. The procedure is more fluid. The RHO might start by broadly defining its needs and identifying suitable funding options, but find that its exploration of leveraging sources requires it to moderate or refine its needs. Or, once the RHO has initiated action to secure resources, it might find that the sources it anticipated accessing are less suitable than it initially believed.

In addition, circumstances may propel the RHO in a direction that bypasses the logical steps of defining needs, deciding on leveraging approaches, and taking action. For example, instead of having to solicit support, a donor agency might approach the RHO with the offer of funds. In that case, the process would be reversed: with the offer defined, the RHO would need to decide if it wants to accept or not.

Another reason not to view these logical stages as a recipe is that, in practice, some of the tools used to inform one stage also inform others. The organizational analysis (Chapter 8), for example, not only addresses the question of defining needs (Chapter 9) but also helps define a good fit (Chapter 10), and contributes to the design of effective approaches to securing the needed resources (Section IV).

Chapter 8

Knowing Your Organization

Introduction

Before deciding what resources are necessary or desired, an RHO must take stock of what it already has. This assessment can be done through a set of analytical exercises:

1. Clarifying the organizational mission
2. Diagnosing organizational assets
3. Assessing the current financial position

This chapter explains the nature and importance of each of these exercises and concludes with several steps that provide the opportunity to work through each of them. The information this generates will help define your resource needs (Chapter 9) and assist you in developing an appropriate strategy (Chapter 10).

Mission definition

To develop an effective resource leveraging strategy an RHO needs a clear idea of what it wants to accomplish. What products and services does it wish to provide, to whom, and for what purpose? How does it want to achieve those results? What principles should guide the staff in their work? These are the key elements in any “mission.”

A mission statement is a concise statement of an organization’s purpose, how it works toward the achievement of that purpose, and its values. It describes the:

- ✦ **End results** it seeks to accomplish and for whom
- ✦ **Means** it uses to achieve its intended results
- ✦ **Guiding principles** shared by its staff and reflected in their work

A mission should guide an organization through all the crucial steps in the procedure of leveraging resources. It helps an organization to:

- ✦ Decide which activities it wishes to undertake, and, therefore, what level and type of resources it will be seeking (Chapter 9);
- ✦ Select an appropriate leveraging strategy that is compatible with its mission (Chapter 10);

A well-formulated mission statement is a vital aid in the process of leveraging.

- ✦ Communicate the purpose and values of the organization when it is engaged in the process of actively soliciting support (Section IV).

A well-formulated mission statement helps an RHO at several stages in the process of leveraging. However, it is more than a base on which to build an effective resource leveraging strategy—it should be present in all aspects of the organization’s day-to-day functioning. It should be referred to frequently within the organization by board members, management, and staff, and used as a touchstone in setting goals, program planning, and decision-making.

A clear mission is particularly useful during a period of change. Perhaps fewer resources than anticipated have materialized, government policies have shifted, new technologies have emerged, or competition from other organizations has increased. A clear mission can enhance an RHO’s ability to respond quickly and appropriately to the opportunities that such changes generate. It provides the criteria against which to judge the options and screen out alternatives that do not contribute to the achievement of the organizational objectives.

Examples of mission statements

Population Action International *is a Washington, D.C. non-profit organization founded in 1965 that is committed to universal access to voluntary family planning and reproductive health services, reproductive freedom for women and men, and early stabilization of world population.*

Private Agencies Cooperating Together (PACT) *states that its mission is to contribute to the growth of civil societies—where citizens acting together can express their interests, exchange information, strive for mutual goals, and influence government. “We accomplish this by targeting our efforts on strengthening the community—focused non-profit sector worldwide and by working with strategic partners to identify and implement participatory development approaches at the community level.”*

World Learning: *“Our mission is to enable our participants to develop the knowledge, skills, and attitudes needed to contribute effectively to international understanding and global development.”*

Knowing your organization’s strengths gives you ammunition in the battle for resources.

Organizational diagnosis

A well-functioning organization has a number of assets other than money, equipment, or buildings. These assets can be grouped into three broad functional areas—an organization’s strategic mission and leadership, its internal communications and staffing structures, and its management systems and client service operations (see Figure 8.1).

Figure 8.1 Organizational assets

Management Systems and Operations					
Strategic and annual planning	Accounting and financial management	Management information systems	Program efficiency	Marketing management	Community participation
Structure and Staffing					
Clear responsibilities	Freely flowing information	Empowered staff	Professional growth	Productivity measures	
Mission and Leadership					
Unity of purpose: Shared vision and mission	Shared values articulated by leadership	Commitment to financial sustainability		Leadership responsibilities at multiple levels	

Strategic mission and leadership—an organization’s ability to identify and analyze its mission and objectives, and to articulate and reflect these in its interactions with staff, clients, and other external stakeholders. Assets that contribute to this include a unity of purpose within the organization, effective leadership, and a shared commitment to enhancing the organization’s financial sustainability.

Staffing and organization—the structures and systems which support the organization’s mission and strategic objectives, identify and meet staff needs, provide appropriate skills development, and empower, support, and reward effective goal-oriented behaviors. Clear lines of authority and responsibility that facilitate effective communication and decision-making are one important component. Personnel systems that motivate and reward quality performance and facilitate professional development are another.

Management systems and client service operations—the RHO’s capacity to determine the need and demand for particular services, to make those services available in a manner that makes them attractive to the intended clients, and to monitor the external environment for changes that will impact on current service delivery. Specific assets that enhance this capacity include systems of strategic and annual planning, basic accounting and financial management, program management, marketing, and community participation.

To develop an effective resource leveraging strategy an RHO needs to know how well it is functioning in all these areas. Information on the organization’s capacities and limitations serves many purposes:

- ✦ For the organization to be able to achieve its stated objectives, resources may need to be invested in areas where it is weak (Chapter 9)
- ✦ The character of an organization influences what funding sources are the most appropriate (Chapter 10)
- ✦ To convince funders to support the organization, an RHO needs to know and point out its strengths (Section IV)

Understanding your organization’s weaknesses provides one rationale for seeking more resources.

RHAC's experience with organizational diagnosis

An organizational diagnosis can be an awkward process for senior managers when they feel responsible for the weaknesses revealed. As is often the case, the list of internal weaknesses identified by an organizational diagnosis in RHAC was much longer than the list of strengths. Some problems were easily solved and others were recognized as problems with which the organization would always have to live. Weaknesses in the administrative and accounting functions were highlighted by the diagnosis and, as a result, new finance and administrative staff were carefully recruited and trained in the months following this exercise. Local and international resources to address the weaknesses were identified. While the list of strengths was shorter, it was used to promote RHAC to its clients, community, and donors.

- ✦ The structure of an organization's assets reveals opportunities for reorganizing existing organizational resources in a more effective manner (Chapter 3).

Analysis of income

Knowing what financial support an RHO can already rely on to carry it forward over the next few years is clearly crucial in designing an effective leveraging strategy. An RHO needs to know the financial base from which it may need to expand. But it is not just the *amount* of anticipated income that is important. There are other characteristics of this support that an RHO needs to document—the source of funding, how reliable it is, and what restrictions are attached to the use of those funds. It is important to have the *whole* picture in terms of sources of support as the box on a Nigerian NGO demonstrates below.

This information on the nature of an RHO's income will tell it how well its leveraging strategy is meeting some important financial objectives—*independence, reliability, relevance, and flexibility*:

- ✦ *Independence.* In an uncertain world, relying on only one source of funding is risky, regardless of the nature of that source: income from clients can stagnate or decline as a result of new or increased competition from other providers; donor policies and priorities can change. These risks can be reduced through a diversified leveraging strategy. Although each new source makes its own administrative demands and it is possible to be too diversified, in general it is advisable to aim for multiple revenue sources.
- ✦ *Sustainability:* Most RHOs are providing a service that will be needed for many years. Their aim is to continue to provide that

*Know what you already
have before you ask
for more.*

Consequences of having a partial financial picture

A women's organization in Nigeria received a donor grant to support its market-based CBD program. A part-time bookkeeper kept track of these funds, but separately from records of other income such as that earned from membership dues, commodity sales, and rental of the top floor of their building. The organization never pulled this information together and did not realize how dependent it was on its single grant.

Six months before the grant finished, the donor announced that it would not provide any additional assistance. The organization was not prepared and had to drastically cut back its activities for over a year, releasing four staff members, while attempting to secure the resources necessary to continue. Had the organization been systematically examining its financial base, it could have identified its high dependency on the grant and sought opportunities for diversifying funding. Reduction of staff and interruption of the program might have been avoided.

service for as long as necessary. They require a leveraging strategy that reflects this desire for a long-term future.

- ✦ *Reliability.* It is much easier to operate if an RHO is sure that funding from an identified source will materialize. At the very least it needs to have a reasonable idea of how reliable the projections of future income are. Is the grant fully committed? Is the donor reliable in terms of delivering funds? Has the community usually generated this level of support in the past? What has been the variation in client fee incomes since the system was established? A well-designed leveraging strategy will take this into account.
- ✦ *Relevance.* Much of the support that RHOs are likely to get will be earmarked in some way and can only be used for specified activities or inputs. The funding may be tied to commodities and cannot be used to pay staff or it may be allocated to service activities and cannot be used to support management and administration. Complementary funding needs to be sought for those activities for which funding is not earmarked.

It is particularly useful to know whether earmarked funds support core activities or optional ones. Inadequate funding for an activity that is peripheral to an organization's mission is not necessarily a cause for concern. Indeed it can be a positive development if it frees up staff and other resources to support activities more sharply focused on the RHO's primary purpose. On the other hand, inadequate funding for core management or a mission-critical program may threaten an organization's very survival.

Sustainability, flexibility, stability, and independence are all desirable financial goals.

An RHO can lower its financial risks by diversifying its sources of support.

Operating costs and long-term capital investment needs are usually met from different sources. The first are typically met—all or in part—through client fees and service contracts. Capital costs (replacing or upgrading outmoded equipment and facilities), on the other hand, are more likely to be met through onetime, donor-supported capital grants or social lending programs. A leveraging strategy should yield an appropriate balance between these different sources.

- ✦ *Flexibility.* Even if the balance is right—and the funding is tied to the kinds of inputs and activities the RHO wishes to pursue—it is useful to have some flexibility, some funding that can be used for whatever need arises. An appropriate balance between restrictive and non-earmarked sources should be sought in any leveraging strategy.

How much an organization needs to take these issues into account in its strategy for leveraging more resources depends very much on the overall complexion of its current funding. An organization whose resources are mostly earmarked for specific projects or inputs might be particularly keen to access “untied” funding. In contrast, one which has a high proportion of flexible funding is in a better position to accommodate support that is fairly rigidly defined. Similarly, an organization that currently has a variety of different sources of support will not necessarily be looking to diversify its funding base.

What to look for in financial support

Organizations should seek financial support that:

- *Continues beyond the short-term*
- *Focuses on the important activities of the organization*
- *Leaves some “room for maneuver”*
- *Does not fluctuate too violently*
- *Does not lead to dependency.*

Applying the concepts—Analyzing your own organization

You now need to think about each of these issues—mission, organization, and finances—in relation to your own RHO.

Step 1: Articulate your organization’s mission

Every RHO should articulate its mission in a brief statement. If you do not have a mission statement, now is the time to develop one. If you do have one, review it.

Write out your organization's current mission statement. If your organization does not have one, describe the purpose of your organization as you perceive it.

Review this mission statement. Does it contain a clear description of:

1. The problems your organization seeks to address and the outcomes it seeks to achieve?
2. Who your organization seeks to serve?
3. How your organization operates to achieve its goals?
4. Your organization's principles and beliefs?

If the answer is "no" to any of these questions, propose appropriate revisions to your mission statement.

Step 2: Identify your organization's strengths and weaknesses

Do a systematic stocktaking of your RHO's organizational capabilities in three important areas—mission and leadership, management systems and operations, and structure and staffing.

For each of these areas you need to assess:

- ✦ How strong your organization is in that area
- ✦ What specific aspects are functioning well
- ✦ What specific aspects could be improved.

This is not a simple assessment to make overall because of the large number of elements that need to be taken into account. You will find it helpful to break down the analysis into small manageable questions. These questions and the procedure for converting your answers into an overall assessment are provided in Annex 7.

After you complete Annex 7, summarize your findings, and record them in Table 8.1.

Step 3: Analyze your organization's income

Record information on the income you expect to receive in the next three to five years using Table 8.2. Only include future funding that you strongly expect to receive due to actions you have already taken to secure resources (i.e., it should not merely be a wish-list). It could include grants, endowments, loans that have already been agreed to, income from client fees for an established system, and support from the community for activities that have already been set up. Annex 8 provides an example of a financial analysis.

Record:

- ✦ How much is expected
- ✦ Who is providing it
- ✦ What it can be used for :
 - core/extra
 - operating/capital
 - particular activities
 - particular inputs
 - anything
- ✦ When it is available
- ✦ How reliable it is
- ✦ How long-term the commitment is.

Based on this summary of anticipated income, *decide how much additional independence, sustainability, relevance, reliability, and flexibility you are looking for* in any additional funding you are seeking. Do this by calculating some basic proportions. What proportion of your funding:

- ✦ Derives from the largest single source? (Do you need diversified funding sources?)
- ✦ Is earmarked for specific activities or inputs? (Do you need more flexible funding?)
- ✦ Is for operating and capital costs? (Do you need a better balance of support?)
- ✦ Is for core activities? (Do you need to focus your funding more on core activities?)
- ✦ Is guaranteed? (Do you need to give financial security greater emphasis?)
- ✦ Is likely to continue beyond the next three years? (Do you need more long-term funding?)

Express your conclusions as in the following example:

“A high proportion of our funding is in-kind or otherwise tied. We would like to look for some more flexible funding sources. Much of our resources are going into areas that are not central to our mission. We need to shift our emphasis to core activities. We already have a number of different sources of support and are not necessarily looking to diversify.”

These steps have helped you to define what you have. You will need to refer back to your answers as you work through the next chapters—identifying your resource needs (Chapter 9) and building your leveraging strategy (Chapter 10).

Table 8.1 A summary of needs from Annex 7

Strength		Weakness		Mission and Leadership <u>Areas of strength</u> <u>Areas of improvement</u>
4	3	2	1	
Strength		Weakness		Management systems and operations <u>Areas of strength</u> <u>Areas of improvement</u>
4	3	2	1	
Strength		Weakness		Structure and staffing <u>Areas of strength</u> <u>Areas of improvement</u>
4	3	2	1	

Table 8.2 Anticipated Income*

Type of resource (grant, loan, in-kind, fees, donations, earned)	Purpose (note any limitations to use—earmarking for specific inputs for activities)	Source (specify funding donor, clients, or community members)	Reliability Is this funding certain? If not, how confident about amounts anticipated?	Amount per Year					Comments and Plans for Continuing
				1	2	3	4	5	
Total									

* Remember to list all types of income, including: grants from both domestic and international donors; rents from any properties you own; fees received from both individual clients and organizations; loans; in-kind supplies (valued in terms of what it would cost the organization to purchase); and donations from the community.

Chapter 9

Defining Resource Needs

Introduction

The previous chapter—Chapter 8—introduced a number of techniques for describing and analyzing important features of an RHO— its purpose, its organization, and its finances. This chapter draws on all of these in order to explain how to estimate the level and nature of the resources the organization needs—in other words, to identify the target for the leveraging strategy that the RHO is developing. The next chapter (Chapter 10) deals with the task of matching these needs for additional resources with appropriate sources of support.

The process of defining resource needs can be broken down into four steps, each of which is described further in this chapter:

STEP 1: Using mission statements and client profiles to decide what services to provide and whether to:

- ✦ Maintain on-going services
- ✦ Improve services
- ✦ Expand services
- ✦ Reduce or eliminate selected services.

STEP 2: Using the organizational diagnosis to identify areas which require strengthening.

STEP 3: Translating these services and organizational needs (from Steps 1 and 2) into requirements for cash or other support to cover recurrent and capital costs.

STEP 4: Calculating the difference between these financial requirements (Step 3) and the resources that can already be counted on without any further action. The result will be the specification of resources for which the organization needs to devise a leveraging strategy.

This chapter concludes with several exercises that provide the opportunity to work through each of these steps.

STEP 1-Planning what services to provide

Just keeping an organization going can be a major challenge. The idea of contemplating *changing* the organization and what it is doing can sometimes seem overwhelming. But the truth is that an organization which is not active and adapting, growing, and changing is probably one with a limited future.

Use mission statements and client profiles to decide whether to maintain services, improve, expand, or reduce them.

It is important, therefore, to review periodically how well an organization is tackling the mission it has set itself. Are its activities focused on the areas that matter? Is the menu and balance of services in line with its mission? Is the organization reaching enough of its intended population? What are the mechanisms for reaching objectives? Is the organization, for example, involving the community as much as it intended? Many organizations will take on some additional activities that are somewhat peripheral to their key purpose. This is not necessarily detrimental unless these activities dominate. Most of an organization's efforts should be directed to core activities and intended population groups.

There are three important sources of information for making judgments about the appropriateness of the direction the organization is taking. The first is obviously the mission statement that will set out the organization's goals and purpose. Secondly, there are those records kept by the organization that document what services they actually provide and to whom. These records provide important clues about how well an organization is achieving some of its objectives. Thirdly, there are client profiles. Satisfying some of its client's needs is, after all, the purpose of an organization's existence. The profiles will reveal what clients need and want, how satisfied they are with the current services, and what characteristics of service provision are important to them.

Client profiles and mission statements are useful complementary tools. Profiles are likely to reveal that clients need and want a great many different products and services. Attempting to be all things to all people is not a wise or effective strategy. Decisions will have to be made as to which of these needs and wants the organization should address. Strategic vision and organizational mission are critical here. The question is "Will providing these particular products or services to this particular

Planning for the future

A reproductive health organization in Colombia running two clinics and an outreach program decided to give some thought to what its future activities should be. It referred to its mission—namely to provide reproductive health services and education to low income families in the local communities—and gathered some information on its clients and community. This information revealed that, in the first clinic, clients—80 percent of whom were on low incomes—were highly satisfied with the clinic's services. In the second clinic, only 20 percent of the clients had low incomes, and others in the community had a poor understanding of family planning methods and the need for antenatal care. Based on this information the organization decided to continue providing the same level of services at its first clinic but to expand the outreach program in the community around the second clinic.

group contribute to, or detract from, the achievement of the organization's mission?"

Reviewing service records and client profiles in the light of its mission statement will give the organization a good idea of what the priority actions should be in the future. Should it be planning an expansion, or aiming to improve the quality of its services? Or would it be reasonable to simply maintain the program or even scale back some elements? As a general rule, it makes sense to give priority to ensuring a reasonable level of quality and satisfaction before planning too much in the way of expansion.

STEP 2-Identifying actions required to make organizational improvements

Plans for service delivery are likely to have implications for management, staffing, or leadership. How well-equipped is the organization to deliver the services that have just been planned? Does it have the necessary staff skills and management systems to expand, improve, or even maintain its current services?

An organizational diagnosis (Chapter 8) should provide most of the answers. It will reveal areas where the organization is weak. It will also provide guidance in finding the appropriate response to these weaknesses among the possibly many solutions. If the problem is that the financial system is failing to produce accurate and relevant information in a timely fashion, for example, the solution might be as simple as a manual ledger of expenses, or as sophisticated as an integrated computerized accounting system. Deciding between such alternatives should be guided by an understanding of the nature of the strengths and weaknesses in other areas of the organization. If it is necessary to seek technical assistance to identify the most appropriate approach, this must also be noted as a resource requirement.

It may not be feasible to tackle all of the identified organizational weaknesses. Priority should be given to those weaknesses most likely to handicap the plans the organization has for its services.

STEP 3-Estimating the cost of planned activities

Steps 1 and 2 result in a list of activities. Some relate directly to the services provided by the organization (Step 1), others are more managerial and administrative in nature (Step 2). The next step is to work out what resources will be required if these activities are to be implemented. Does more staff need to be hired, clinic space constructed, or additional equipment purchased? What about technical assistance or staff training? How much will it all cost?

Addressing organizational weaknesses usually requires resources.

Estimating the cost of activities can sometimes be done using past expenditures.

There are different ways to estimate financial requirements. The simplest is to use estimates of expenditure in previous years as a starting point. These can be adjusted depending on how much change is planned in the activities of the organization. This approach is generally adequate if an organization’s existing program is to be modified in a straightforward way.

Sometimes it is inappropriate to use past expenditures to project future financial requirements. This is true if there are good reasons for suspecting that previous implementation was inefficient and not a good guide, or if the new activities being planned are rather different from anything done before. In either case, it will be necessary to construct estimates from scratch identifying for each activity their component inputs and attaching prices to these. This approach (the *ingredients* approach) requires thinking carefully about how the program would actually work. It is a good way to ensure that estimates make sense and are comprehensive. It also makes it easier to figure out how much of the costs are for specific kinds of inputs: capital goods (buildings, equipment, vehicles) or recurrent expenditure (personnel, supplies, etc.). Knowing the inputs for which funding is required is useful because donors often have restrictions on the kind of support they give. Many, for example, are happier to provide one-time capital investment than long-term recurrent support.

In this “ingredients” approach, the calculations are done in two main steps. For each activity being planned, an estimate of the quantities of different kinds of input should be done first. (Suggested categories of inputs are shown in the box above). It is helpful to estimate the quantity of all resources required, including, for example, the time spent by those likely to be unpaid volunteers. As it may become necessary in the future

Typical major input categories
<i>Capital</i> <ul style="list-style-type: none"><i>Buildings</i><i>Equipment</i><i>Vehicles</i>
<i>Operational</i> <ul style="list-style-type: none"><i>Personnel</i><i>Supplies (pharmaceuticals, contraceptive commodities, medical supplies, cleaning supplies, administrative supplies)</i><i>Public utilities and communications</i><i>Professional services</i><i>Travel and per diem</i><i>Other</i>

to employ remunerated staff for these activities, these time estimates will prove useful. Furthermore, volunteer time has implications for other resources (e.g., supervisors' time) which may require payment. It is best to start with the main service activities (e.g., delivery of contraceptive advice) and then consider all the supporting activities (administration, supervision, management, accounting, etc.) and what will be needed to provide adequate back-up to the front-line activities.

The quantities of resources are then translated into costs by multiplying them by the price per unit of those inputs. For example, a new program of contraceptive advice is estimated to require two person-years of a qualified nurse and administrative back-up of a half-time secretary. With salaries of \$5,000 per year that comes to $(2 \times \text{US\$}5,000) + (1/2 \times \text{US\$}5,000) = \text{US\$}12,500$ per year.

Realistic estimates of the amount of staff time and the value of that time are particularly important. Staff—those directly assigned to the service activities as well as management and support staff— may well be the single most significant item in a budget. Salary calculations are straightforward, but care should be taken to ensure that all the benefits associated with each person are also included—bonuses, overtime pay, social security taxes, pensions, sick leave, and vacation time.

Both the ingredients and past expenditure approaches are valid, but have different strengths. The past expenditure approach is less time consuming, but may hide opportunities for cost containment. The ingredients approach takes more time, but tends to be more accurate. Which approach is best depends on the specific circumstances of the organization.

Sometimes costs have to be estimated from detailed breakdowns of quantities and prices of inputs.

Financial implications

The Colombian RHO (referred to in the previous box) realized that its decision to expand the outreach activities around its second clinic had some financial implications. To understand what these were, the organization looked at its past expenditures. The annual cost of running both clinics was approximately US\$50,000 and the cost of the outreach program about US\$10,000. As the clinic services would continue to be provided at around the same level, the organization assumed the clinics' costs would probably be around US\$55,000, with the additional US\$5000 covering the cost of inflation. As it planned to expand its outreach program in only one community, it estimated that the cost of outreach would be around US\$16,000—US\$10,000 and an additional US\$5,000 for the expansion of the outreach activities at one site and an additional US\$1,000 to cover the cost of inflation. The total estimated annual cost would be US\$71,000 (US\$55,000 + US\$16,000).

The estimation of how much additional financing is needed must anticipate periodic shortages and include an amount of “working capital.”

STEP 4-Determining additional resource needs

The previous step involved identifying the value of the resources required to do the planned service activities and organizational improvements. But this amount of funding may be more than the amount that still has to be actively sought. Perhaps some income is already promised or is very likely to materialize because of steps taken in the past to leverage resources.

If this is the case, the anticipated income has to be subtracted from the total funding requirements in order to estimate the value of the resource that has not yet been met and for which a leveraging strategy needs to be devised. This must be done separately for each major category of funding. For example, income for capital investment should be deducted from the requirements for capital costs. Any income specifically designated for particular types of inputs or activities should be deducted from the resource needs in those areas. The final result should be a specification of the scale and type of additional resources required, the activities for which they are needed, and a timetable for when they would be required.

Once the net resource requirements are determined, it may be necessary to factor in an additional sum. Even when organizations have adequate long-term funding, they can be vulnerable to short-term, but sometimes crippling, money shortages. For example, in Zimbabwe, private nurse clinics receive a significant proportion of their income from the Medical Aid Societies for the services they provide. These payments sometimes take six months or more to be processed. A number of clinics have been unable to survive in the interim and have had to close.

The need for working capital

In Cambodia, RHAC tracked its monthly cash flow and found that the funds advanced by its donor every quarter to cover operating costs were not always made on time. Sometimes they were up to one month late. RHAC decided to use the fees it was collecting to establish a working fund that could cover its operating costs, including salaries and supplies, for several months. In December 1997, the donor significantly delayed its quarterly payment. RHAC was able to draw on its reserve, pay its staff, and keep its clinics open. When the donor funds finally arrived, RHAC ‘repaid’ its working fund to ensure that there was sufficient capital to cover several months’ worth of operating costs.

Identifying the financial shortfall

The Colombian RHO (referred to in previous boxes) analyzed its current funding situation and realized that some of the financial costs it identified would be covered in the near term through its current sources of support. It was earning around US\$6,000 a year from clinic fees and had a five-year donor grant for US\$60,000 per year that would end in two years. This gave it a total current annual income of around US\$66,000

To meet the costs of the activities it was planning—US\$71,000—the organization realized that it would need to leverage an additional US\$5,000 for the next year and, the year after that, an additional US\$60,000 to replace the donor support that would be ending.

The solution to this problem is first to anticipate possible shortages. This can be done by tracking monthly cash flows and recording both the income received and the expenditures made each month. If there are periodic shortfalls, a reserve of cash—“working capital”—should be established. The need for working capital should be taken into account in funding proposals and leveraging plans.

Applying the concepts—Defining your organization’s resource needs

Applying these four steps to your organization will not be difficult since it builds in a straightforward way on various exercises already completed in earlier chapters.

Step 1: Plan what services to provide

Start with your mission statement (Chapter 8) and record from there into Table 9.1 *the specific goals and objectives your organization has* in terms of types and quality of services, population served, community satisfaction, and health outcomes.

Next consult your organization’s service records and any client or community profiles you have prepared (Chapter 7) and have discussions with staff to identify *specific weaknesses in each of the areas of your mission*. Are your current activities meeting mission goals? Are they of sufficiently high quality? Are they meeting client expectations? If not, *record these weaknesses in Table 9.1.*

Propose specific actions for tackling these weaknesses and improving your service provision. In some cases where the goals have already been achieved (e.g., the population is well-informed about contraceptive options) it may be appropriate to scale back activities. Record your conclusions in Table 9.1.

Step 2: Identify activities required to make organizational improvements

Take the organizational diagnosis you completed in Chapter 8 and *record the identified organizational weaknesses into Table 9.2*. If there are too many for you to reasonably tackle, prioritize the list. Consider which weaknesses are the most serious obstacles to achieving the organization's mission and its planned program of service activities.

In consultation with staff, propose actions to address these priority weaknesses and record them in Table 9.2.

Step 3: Estimate the cost of the planned activities

Take the list of actions you have identified in Tables 9.1 and 9.2 and *record the actions in the relevant box of Table 9.3*. Include planned expansion to your service activities (A), any improvements to your current service activities (B), any organizational changes not reflected elsewhere (C), and service activities you plan to scale back (D).

Determine the nature and the level of inputs involved in realizing those actions, estimate the monetary value of these, and record the answers in Table 9.3. Some examples are provided in the table.

Table 9.4 completes your calculation of financial requirements. It builds on the figures identified in Table 9.3, calculates the cost of current operations without any changes, and estimates the need for working capital. However, before beginning Table 9.4 you may want to make some changes to its format, so it is easier to complete Step 4. In Step 4 you will be comparing your financial requirements (Table 9.4) with your anticipated sources of income (Table 8.2, Chapter 8) to determine any additional resources you need to leverage to carry out your planned activities. *Take a look at Table 8.2 to see if there is any earmarked input or activity that should be reflected in Table 9.4*. For example, if a donor said that it would pay for overseas training of three staff members, you might want to add a column to Table 9.4 that says "overseas training." This will make it easier for you to complete Table 9.6 under Step 4.

Once you have made any necessary changes to Table 9.4, your first step will be to estimate the cost, in current prices, of continuing to operate your facilities as in the past and without changes. Do this using the total recurrent cost for last year (Z) \$ _____ (see Table 3.1) and the rate of inflation (Y%) _____ percent to estimate this year's cost of continuing as before ($Z * (1 + Y/100)$) \$ _____ per annum. For example, if your program cost \$50,000 a year and inflation was 10 percent, you would record \$55,000 as the estimated amount of your program. *Record the result of your calculation in the first row of Table 9.4*.

Next you will *transfer the value of the inputs you calculated in sections A, B, and C of Table 9.3 into the second row of Table 9.4*. For example, \$60,000 for replicating a program in a new community, \$2,000 for counseling training, and \$2,000 for a new computer.

You will then *calculate the amount of working capital you will need (using Table 9.5) and record this in the third row of Table 9.4*.

Finally, add up each of the columns and *record the amounts in the subtotal row. Transfer the value of the services you plan to scale back (section D of Table 9.3) in the fifth row, and subtract this amount from your subtotal. Record the result in the sixth row of Table 9.4*.

Prepare a Table 9.4 separately for each of the next three to five years.

Step 4: Determine additional resource needs

Take Table 9.4, which documents the resources you require to implement your plans, and compare it with Table 8.2 (from Chapter 8) which shows the income you already anticipate getting. Compare like with like (e.g., capital costs with capital resources).

Record the net resources required (the shortfall between what you have and what you need) *in Table 9.6 for each of the next 3–5 years and summarize the results in terms of:*

- ✦ How much you need and when, e.g., \$15,000 next year and \$65,000 (to replace the donor grant) in the following year
- ✦ For what kinds of inputs—how much is capital and how much recurrent, e.g., \$5,000 recurrent and \$10,000 capital (vehicle, computers, renovations)
- ✦ For what activities or projects—technical assistance, training, outreach, management, financial management training, clinic services, community mobilization.

Table 9.1 Planning what services to provide

Mission elements	The organization's specific purpose in each of these areas (Take from Chapter 8)	What are the weaknesses in each of these areas? (Use service records and client profiles)	Proposed actions (Decide in discussion with staff)
Achieving Service Goals	<i>What are your service goals?</i>	<i>Which service goals have not been met?</i>	<i>What new services are required?</i>
Achieving Health Outcomes	<i>What are your health goals?</i>	<i>Which health goals not yet reached?</i>	<i>How might health goals be reached?</i>
Reaching Targeted Population	<i>What is the targeted population?</i>	<i>Which groups are not being reached?</i>	<i>How might targeted clients be reached?</i>
Providing Good Quality Services	<i>How do you define quality?</i>	<i>In what areas is quality poor?</i>	<i>How might quality be improved?</i>
Client Satisfaction	<i>In what areas do you seek to satisfy clients?</i>	<i>In what areas are clients dissatisfied?</i>	<i>How might client satisfaction be increased?</i>
Community Involvement	<i>How much community involvement are you seeking?</i>	<i>How else should the community be involved?</i>	<i>How could community involvement be encouraged?</i>

Table 9.2 Identifying actions required to make organizational improvements

Organizational weaknesses (Take from Table 8.1)	Actions to improve weaknesses (Decide in discussions with staff)
Mission and Leadership <ul style="list-style-type: none">•••••	
Management Systems and Operations <ul style="list-style-type: none">•••••	
Structure and Staffing <ul style="list-style-type: none">•••••	

Table 9.3 Estimating the cost of planned activities

Actions/Activities	Inputs involved	Estimated value of inputs
A) Services to expand <i>Example: Replicate program in new community</i>	Various	\$60,000 <i>(program cost \$50,000 last year. Add 20 percent for start-up costs)</i>
B) Services to improve <i>Example: Quality of staff performance</i>	Counseling training for four staff members	\$2,000 <i>(last year cost \$500 each to train two nurses)</i>
C) Organizational capacity to improve <i>Example: Information system</i>	One computer, one full-time staff person	\$2,000 \$5,000
D) Services to scale back <i>Example: Cut back CBDs where program is mature (about half the program)</i>	Staff salaries, supplies	\$10,000 <i>(half the cost of the family planning program)</i>

Table 9.4 The value of resources required by inputs and activities (\$)

Activities	Total cost	The cost by inputs							
		Capital inputs				Recurrent inputs			
		Buildings	Vehicles	Equipment	Personnel	Supplies	Professional Services	Public utilities	Other
Maintenance of On-going Activities									
Expansion (A) Quality Improvements (B) Organizational Capacity Improvements (C) • • • • •									
Working Capital (see Table 9.5)									
Sub-Total									
Scale back amount (D)									
Total Required									

Table 9.5 Estimating need for working capital

Record monthly income and expenditures for one recent full year in the following Cash Flow Table. The first two columns of the table provide an example of completed cash flow. If “revenue available” ever falls below zero, identify the lowest value it takes over the 12 months. That is the amount you should have as working capital.

	E.g.	E.g.	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec
INCOME														
<i>Fees</i>	10,000	15,000												
<i>Rent</i>														
<i>Grant</i>	90,000													
<i>Other (e.g., loan)</i>														
Total income	100,000	15,000												
EXPENSES														
Op. Costs:														
Personnel	15,000	15,000												
Commodities	10,000													
Other														
(e.g., loan interest)	20,000	5,000												
CAPITAL COSTS														
Total exp.	45,000	20,000												
<i>Net revenue</i> ¹	55,000	-5,000												
<i>Revenue available</i> ²	55,000	50,000												

¹ Net revenue for each month = income for that month - expenditure for that month.

² Revenue available for that month = revenue available from the month before + net revenue for the current month.

Table 9.6 The value of NET resources required by inputs and activities (\$)

Activities	Total (NET) cost	The (NET) cost by inputs							
		Capital inputs				Recurrent inputs			
		Buildings	Vehicles	Equipment	Personnel	Supplies	Professional services	Public utilities	Other
Maintenance of On-going Activities									
Expansion (A) Quality Improvements (B) Organizational Capacity Improvements (C) • • • • •									
Working Capital									
Total (Net of anticipated income)									

Chapter 10

Matching Sources with Resource Needs— The Leveraging Strategy

Introduction

Not every source or type of resource is appropriate for every organization. Some organizations may be poorly equipped to manage volunteers, for example, or may not have enough recurrent funding to be able to maintain certain equipment even if it were donated. Certainly no organization is keen to accept support for activities they have no wish to implement. What an organization wants and what the funding source can provide must be compatible.

Furthermore, not every source or type of resource can be easily accessed by every organization. Some large donors, for example, may demand levels of accounting and reporting that small RHOs cannot provide. There is little point in attempting to secure support from a source that is unlikely to be forthcoming. What the funding source demands in return for its support and what the RHO is in a position to provide must also be compatible.

In other words, the leveraging strategy must have the potential to give the organization what it wants and the RHO, in turn, must be able to satisfy the demands of the leveraging strategy. Developing a leveraging strategy that pursues inappropriate resources is at best inefficient and at worst potentially damaging to an organization’s ability to achieve its long-term objectives.

Successful matching requires knowing what the RHO wants and what it can provide—and knowing the same of any potential leveraging source (Figure 10.1).

An appropriate leveraging strategy requires a good match between what an RHO wants and what the funding source can provide.

Figure 10.1 Finding a suitable leveraging strategy

What You Need To Know About Your Own Organization	What You Need To Know About Potential Sources of Leverage	
	What could the potential leverage source provide?	What would the leveraging source look for in return?
What do you want?	Match	
What can you provide?		Match

A leveraging strategy should be guided by an RHO's need for resources, its broader financial goals, and its mission.

This chapter elaborates on the content of Figure 10.1 and concludes with an important set of exercises leading to the specification of a workable leveraging strategy. It builds entirely on the information from earlier chapters—the short-list of promising source-mechanisms and the profiles on each (Chapter 7) and the results of applying the tools described in Chapters 8 and 9 which reveal the capacities and needs of the RHO.

What RHOs want and how this affects the leveraging strategy

The starting point for determining a leveraging strategy is the needs of the RHO. These can be summarized in terms of:

- ✦ Obtaining resources required and achieving broader financial goals
- ✦ Mission compatibility

Resource requirements and financial goals

The **overall amount of resources** being sought will determine the leveraging strategy to a large extent. There is little point, for example, in approaching a small business to pay for the construction of a new hospital, and client fees alone are also unlikely to be sufficient to cover costs, especially if clients have limited income. On the other hand, larger donors often prefer to fund large-scale activities as it reduces the ratio of administrative to total costs, and they are not going to be interested in contributing to, say, a small training program or providing a small quantity of supplies. Most donors have some kind of lower as well as upper limit to the resources they provide.

The **kind of resources and the purpose for which they will be used** are also factors that might influence where to go for support. Most donors have preferences or limitations in terms of the kind of inputs they will provide or activities they will sponsor. For example, some donors will support clinic services but not administrative staff. Many donors prefer to make onetime capital grants to replace or upgrade equipment and facilities rather than finance continuing operating costs.

Funding sources differ not only in the types of activities they support and the kinds of inputs they are willing to fund, but also in terms of the geographic area where they work and the speed with which they can provide support.

It is possible, of course, to look for multiple sources to satisfy various resource needs, particularly when seeking large amounts of funding. It can be helpful to package requirements into sets or sub-components that might appeal to different donors.

Organizations are looking for more than just the right amount and type of funding. They are also aiming to satisfy their **goals of independence, stability, sustainability, and flexibility** (Chapter 8). How much their leveraging strategy needs to take these issues into account depends

When the leveraging strategy fails to match resource needs

When an organization in Zambia learned that its main donor was withdrawing support in three months, it met to decide what to do. The donor covered the salaries of two full-time staff and a half-time book-keeper. It also paid for training in business skills. The organization agreed that it was important to continue these activities and, after some discussion, decided to build a polyclinic to generate income to cover these costs. Since they did not have funds available to build, equip, and staff a clinic, they planned to seek a donor grant to cover the start-up costs. Unfortunately, they did not examine this option very closely. If they had, they would have realized that it would probably take at least six months and possibly even a year to attract donor support for the polyclinic, and another two years before the clinic would generate a surplus. The money they required would not materialize for almost three years, much too late given that they needed it within three months.

very much on how close they are already to these goals. For example, an organization that is already being supported from a number of different sources could focus attention on those funding sources it already has and explore the possibility of generating more resources from them. On the other hand if it is dependent on few sources it should look to sources that it does not currently utilize.

Sources will differ in the extent to which they are compatible with these goals. For example, an organization that has little flexibility in the way it can use funding from current sources should be investigating sources such as client fees, income-generation, and community fundraising, which generate funds that are usually “untied.” An organization whose current projected income is wildly unstable should consider looking for steadier income sources such as endowments and client fees.

Mission compatibility

Resource leveraging strategies should reinforce **the mission** of an organization, not lead it. They should:

- ✦ Contribute to, rather than detract from, an organization’s ability to work toward its **objectives**.

Taking on commercial ventures that are outside the scope of the RHO’s programmatic focus and expertise can, for example, divert management attention and financial resources away from its core mission. An RHO in western Africa suffered in this way when, with no previous experience, it set up a grain trading operation in an effort to make money. The enterprise not only lost money but was also a serious drain on management energy.

A resource leveraging strategy should reinforce an RHO’s mission, not lead it.

- ✦ Contribute to, rather than detract from, an organization's ability to reach its **intended client groups**.

Introducing or raising fees may not be a suitable strategy for an RHO whose objective is to reach the "poorest of the poor" or populations that do not participate in the formal cash economy. It might be perfectly appropriate for an organization whose intended clients are low-income wage earners.

- ✦ Contribute to, rather than undermine, **the approach** an organization wishes to adopt in order to meet its goals.

Accepting support for the establishment of a fixed site facility, for example, may distract an organization from its primary mission of community-based outreach, and require significant adjustments in staffing and operating procedures, all of which have resource implications.

- ✦ Be compatible with **the basic values** reflected in an organization's mission.

Special care should be taken when dealing with individuals, donors, or businesses whose philosophy and mission are in direct conflict with the organization's own. One indicator of compatibility is whether the organization is prepared to openly recognize its supporters.

Ethical considerations in accepting donations

The Foundation for Child Development in Thailand was approached by a massage parlor that wanted to help malnourished children in the provinces. Some members of the board of directors argued that it did not matter where the money came from—that where the money went and for what purpose was more important. Others insisted that accepting a gift from this group would contradict the Foundation's mission—to help Thailand's children and to protect them from exploitation—and would communicate the wrong message to other donors and the community. The Foundation decided to turn down the offer.

What funding sources require in return and how this affects the leveraging strategy

It is not enough for an organization to know that a funding source provides the kind of support it is seeking. The RHO also needs to be sure that it has the expertise and resources to satisfy the demands of the leveraging strategy and that the cost of accessing or accepting support is acceptable in relation to the likely returns.

There are almost always costs attached to obtaining resources. In some cases these costs are obvious. For example, **commercial enterprises** usually require significant up-front investment before any returns are realized. There should be a good chance of at least recouping those costs before embarking on any commercial enterprise. An unsuccessful business could spell the ruin, not only of the business, but also of the RHO's key activities.

Some **fundraising** approaches also demand major investments of time, energy, and resources and require certain skills. Although they may have some additional spin-off benefit—e.g., generating cohesiveness in the organization—their main purpose is to leverage resources. At the very least costs should be recouped. Past experience with fundraising ventures and the information in Chapters 5 and 13 provide some clues to the kinds of costs involved and the likelihood of success.

Charging fees for services provided to other organizations requires appropriate skills and an administrative infrastructure to facilitate negotiating, developing, and administering formal contractual agreements. A good accounting system capable of capturing the actual costs of the products and services being offered, a good knowledge of the local market for them, and reliable systems for billing and collections are all required. If they do not already exist some additional investments will be necessary. This will be in addition to the costs associated with actually delivering the service.

Similarly, **charging individual client fees** involves investment in designing the system and collecting, managing, and auditing contributions. The management demands of a fee system can be significant. Critical capacities include market research, pricing, distribution, advertising and promotion, cash management, financial accounting, and reporting. New staffing may be required, and existing staff may need reorientation and training in the operations of a fee system.

In deciding if fees are an appropriate leveraging strategy, the RHO must consider the costs associated with setting up and maintaining the necessary procedures and the amount of income likely to be generated. Past experience with fee charging, the information in Chapters 4 and 12, and the results of an organization's analysis (Chapter 8) will provide some clues to the kinds of costs involved and the likelihood of success.

Accessing funding from donors also requires investment—in proposal preparation, making contacts and, once support is secured through a loan or grant, in on-going reporting and in auditing. This can be expensive. The different mechanisms that donors use make different demands on the recipient organizations. Volunteers require considerable supervision; endowments need intensive financial management; loans

An appropriate leveraging strategy also requires that the RHO can satisfy the demands of the funding source.

require repayments and auditing. In each case it is necessary to consider whether the revenue generated justifies the management costs. Chapters 6 and 14, donor profiles (Chapter 7), and the results of an organization’s diagnosis (Chapter 8) will identify what individual donor requirements are and how well an RHO will satisfy them.

RHOs should not pursue a leveraging strategy that places too heavy a burden on the organization.

Some “costs” of donations

In Nigeria, a physicians’ association received a donation of second-hand hospital equipment from some overseas colleagues. Unfortunately, the association had not considered the duty that had to be paid on the equipment when it arrived. It took more than six months to raise the necessary funds to clear the equipment from customs.

In Senegal, an organization received a newly built and equipped clinic. Unfortunately, the group did not have sufficient funds to operate the clinic, which remained idle while additional funding was sought.

In Cambodia, RHAC ordered 3,000 “free” copies of a book on reproductive health technologies and planned to distribute the books within its own network of volunteers and staff as well as to other NGOs. Duty and port clearing charges came to almost US\$1,000.

Dealing with unsolicited donations

Occasionally, donors will offer support that has not been requested. Often this will be in the form of in-kind contributions. It can be very tempting to accept such unsolicited offers of support even if it is not exactly what is wanted. But an organization should always consider carefully whether it can “afford” the support being offered. In some circumstances acceptance can even lead to a core program being derailed.

Very few offers come with no strings or conditions attached. There may be hidden costs involved in accessing the gift—such as duty or transport costs. Or the donated good may be in such poor shape that substantial additional investment would be required to make it functional. Often donations will require some additional funding in order to be used effectively. A car, for example, even if provided for free of charge, needs investment in fuel and maintenance if it is to be of any use. The recurrent cost implications of any donation should be carefully considered. Accepting support destined for areas of no particular interest can lead to other resources being diverted away from an organization’s main concerns. There are many cases of organizations that have introduced new programs or strategies at the behest of a willing donor, only to find that in doing so they are no longer working toward the objectives they set out to achieve. It is important to avoid becoming donor-driven.

Applying the concepts—Matching your organization's needs and capacities to those of appropriate sources

The heart of developing a leveraging strategy is matching your organization's needs and capacities with the demands and potential of possible sources and identifying an appropriate "fit".

You will do this by drawing on information you have generated in earlier exercises—the short-listed source-mechanisms and their profiles (Chapter 7) as well as the results of the analysis of your own organization's mission (Chapter 8) and financial needs (Chapter 9).

Step 1: Identify those sources that could give your organization what it seeks

You have already identified likely contenders and recorded them in your resource matrix (Table 7.2, Chapter 7). Now write the name of each of these sources along the top of each of Tables 10.1, 10.2, and 10.3 at the end of this chapter.

Step 2: Determine whether these sources can meet your resource requirements

Consult your conclusions about unmet resource requirements (Chapter 9, Table 9.5) and record these along the side in Table 10.1. Using information from profiles developed in Chapter 7, assess the extent to which each of the listed sources meets your resource needs and fill in the relevant rows. Figure 10.2 gives you an example of the kind of information you could record.

Figure 10.2 Example of matching for resource needs

What are this organization's financial needs?				Can this source help meet the organization's needs?			
How much?	For what activities?	For what inputs?	When/where needed?	Source 1 Client fees	Source 2 Community support	Source 3 DFID/Grant	Source 4 USAID/SEATS Grant
\$5,000	Expanding outreach	Vehicles, per diems, gasoline	Locally within 6 months	Yes	No	No, doesn't work in this location	Yes
\$6,000	Training on counseling skills	Trainers, materials, per diems	Now	Yes	No	No, see above	Yes, but will take time to access
\$25,000	Operating the clinic	Personnel, supplies, etc.	In 1 year	Yes, but not enough	No	No, see above	No, doesn't pay operating costs
\$3,800	Renovating clinic building	Manpower, building materials	1 year	Yes	Yes, in-kind donations of labor and supplies	No, see above	Yes

Step 3: Determine whether these sources support your financial goals

Refer back to your conclusions about financial goals (Chapter 8) and record them in Table 10.2. Using information from profiles developed in Chapter 7, assess the extent to which each of the listed sources is compatible with your financial goals and fill in the relevant rows using Figure 10.3 as a guide.

Figure 10.3 Example of matching financial goals

Financial goals	What does this organization need to achieve its overall financial goals?	Can this source satisfy the organization's goals?			
		Source 1 Client fees	Source 2 Community fundraising	Source 3 DFID/Grant	Source 4 USAID/SEATS Grant
Diversification/independence/autonomy	Dependent on donors, need to attract other sources	Yes	Yes	No, currently providing support	No, currently providing support
Stability/reliability	Funding tied to donor project cycles, 3-5 years	Yes, income varies based on client volume not cycles	Has potential to provide steady support	No	No
Relevance	Need more support for recurrent costs	Yes	Yes		
Flexibility	Most funding tied to particular projects. Need more flexibility	Yes	Yes	Limited	Limited

Step 4: Determine if these sources are compatible with your mission

Refer back to your Mission Statement (Chapter 8), and record its key elements (objectives, intended clients, approach, basic values) in Table 10.3. Assess the extent to which each of the listed sources is compatible with your mission and fill in the relevant rows. See Figure 10.4 for an example.

Step 5: Develop a short-list of those sources that meet your resource requirements, address your financial goals, and are compatible with your mission

Review the three completed Tables 10.1, 10.2, and 10.3 and identify the sources that are compatible with your financial requirements AND your goals AND your organizational mission.

Figure 10.4 Example of matching for mission compatibility

Mission elements	What do these mission-related topics mean for the organization?	Is this source compatible with the mission of the organization?			
		Source 1 Client fees	Source 2 Community fundraising	Source 3 DFID/Grant	Source 4 USAID/SEATS Grant
Basic values	Provide services regardless of religion, age, or gender	Yes, for as long as fees do not put services out of clients' reach	Yes	Yes	Yes
Objectives/approach	Provide a range of reproductive health services	Yes	Yes	Yes	Yes, for everything except abortion
Intended clients	Serve low income with a focus on adolescents	Some can pay, but not adolescents	Yes	Yes	Yes

The second stage in this development of your leveraging strategy is to analyze the extent to which your organization is able to satisfy the requirements of this short-list of potential supporters. Figure 10.5 provides an example of the kind of information you could provide.

Step 6: Determine what these sources require from your organization

Take the subset of sources you identified in the previous step and record them in Table 10.4 (see Figure 10.5).

Figure 10.5 Example of matching funding source demands with an RHO's capacities

Potential sources	What do these sources require in order to have access to funding?	Can these demands be met? At what cost to the organization?	What do these sources demand in exchange for continued receipt of funding?	Can these demands be met? At what cost to the organization?
Source 1 Client fees	Market surveys of competitors	Yes, staff time (around 5 days)	Fee collection system, means-testing	Yes, add cashier to clinic, provide training in means-testing, may need TA
Source 2 Community fundraising	Establishment of a fundraising committee, hold event	Yes, staff time (around 1 month for 3 staff people)	Thank you notes and update to donors	Yes, 2 days staff time
Source 3 DFID Grant	Proposal	Yes, with some investment in proposal writing skills	Significant programmatic and financial reporting, requires good management	Yes, but systems should be strengthened
Source 4 USAID/SEATS	Proposal, building on reputation	Yes, after TA in proposal writing	Significant programmatic and financial reporting, requires good management	Yes, but systems should be strengthened

Refer back to the information contained in the profiles you prepared in Chapter 7 and identify what this subset of potential sources expects from your RHO in return for resources they can provide. Record these requirements in Table 10.4.

Step 7: Determine if your organization has the capacity to leverage resources from and satisfy demands of these potential supporters

Refer to the organizational diagnosis you carried out in Chapter 8. Has your RHO the capacity to satisfy the demands of these potential supporters? What additional resources might you need to invest in order to leverage the resources you want? Is this reasonable? Record your conclusions in Table 10.4.

Step 8: Determine the strategy you will use to approach each of your potential supporters

Review Table 10.4 and narrow down further the selection of potential sources. Identify those sources that demand too much from your RHO and are probably not worth pursuing. Take the remaining sub-set of sources and record them in Table 10.5. For each one think about the nature and the scale of the resources you will seek and how your organization will attempt to access these resources. Record your conclusions in Table 10.5. **Table 10.5 is the core of your leveraging strategy!**

An example of how the different elements, identified through the exercises in Section III, contribute to the formulation of a leveraging strategy is presented in Figure 10.6. Your organization may wish to prepare such a summary so that the logic of your strategy is clear and easy to communicate among staff and other stakeholders.

The next section of the Guide—Section IV—is essentially an elaboration of the last column of Table 10.5, “approaches to accessing funding from different sources.” It provides practical advice on how to implement the leveraging strategy you have devised.

Figure 10.6 Putting it all together—An example

Leveraging strategy outline: Reproductive Health Services Association	
Mission statement	
<p><i>Reproductive Health Services Association (RHSA) is committed to improving the health and welfare of low-income families by making available affordable, high quality family and reproductive health services. It is guided by the principles adopted by the 1994 Cairo International Conference on Population and Development. It is a community-based nongovernmental organization and welcomes partnerships with other organizations similarly committed to these principles.</i></p>	
Program objectives	
<ul style="list-style-type: none"> • Double the number of family planning (FP) acceptors over the next 12 months • Increase utilization of counseling and RH services by male and female youths by 25 percent in each of the next two years • Increase attended births by 20 percent over the next 12 months 	
Resource leveraging goals	
<ul style="list-style-type: none"> • Reduce proportion of support received from principal donor from 75 percent to no more than 50 percent of the operating budget. • Increase proportion of external funding that extends beyond the next three years from 20 percent to at least 40 percent. • Increase self-generated revenues to cover at least 40 percent of operating budget. 	
Service activities and resource needs	
<ul style="list-style-type: none"> • Develop adolescent peer education services to reach 200 teens/mo. through clinic and outreach • Expand outreach services to neighboring district. Double current number of FP acceptors • Offer sonograms to all pregnant clients 	<ul style="list-style-type: none"> • TA for peer educator curriculum plus US\$20,000 for clinic upgrades and educator allowance for two years • US\$25,000/yr for technical staff and management. US\$10,000/yr for extra FP commodities • Sonogram machine: donation or US\$5,000
Leveraging strategies	
<p><u>Resources and sources</u></p> <p><i>JICA—donation of sonogram machine</i></p> <p><i>USAID—TA for educator program and clinic upgrade</i></p> <p><i>UNFPA—additional FP commodities (condoms, OCs, IUDs)</i></p> <p><i>Municipal Council—peer educator allowances for two years</i></p> <p><i>Fee Revenues—increase fee revenues to cover salaries of additional outreach staff</i></p>	<p><u>Approaches</u></p> <p><i>Discussions with Japanese Embassy, follow-up with proposal for donation through local JICA rep.</i></p> <p><i>Arrange site visit for local USAID Mission staff, follow-up with proposal</i></p> <p><i>Proposal to local UNFPA mission to increase current commodity support to cover expanded client population and extend commitment for additional two years</i></p> <p><i>Publicize unmet RH needs of adolescents through local media. Develop “distinguished visitor” tours of clinic to highlight absence of adolescent clients. Prepare proposal for Municipal Council member to submit for funding</i></p> <p><i>Introduce sliding fee scale for clients using laboratory and new sonogram services. Publicize sonogram services among private providers to generate referrals of clients able to pay. Provide adolescent peer educator training to other RHOs in neighboring communities.</i></p>

Table 10.1 Financial resources compatibility

What are the financial needs of your organization?				Is this source compatible with your needs? Can it satisfy them?				
How much?	For what activities?	For what inputs?	When and where needed?	Source 1 _____	Source 2 _____	Source 3 _____	Source 4 _____	Source 5 _____

Table 10.2 Financial goal compatibility

What does your organization need to achieve its overall financial goals?	Is this source compatible with these goals?				
	Source 1	Source 2	Source 3	Source 4	Source 5
Diversification/independence/autonomy:					
Stability/reliability:					
Sustainability:					
Relevance:					
Flexibility:					

Table 10.3 Mission compatibility

What do these mission-related topics mean for your organization?	Is this source compatible with your mission?				
	Source 1	Source 2	Source 3	Source 4	Source 5
Basic values:					
Objectives:					
Intended clients:					
Approach:					

Table 10.4 Meeting the demands of the leveraging source

Leveraging Sources	What do these sources require from you in order to access funds? ¹	Can these demands be met? At what cost to your organization?	What do these sources demand in exchange for continued receipt of funding? ²	Can these demands be met? At what cost to your organization?
Source 1 _____				
Source 2 _____				
Source 3 _____				
Source 4 _____				
Source 5 _____				

¹ E.g., proposals, client profiles, previous contact, reputation, publicity, acknowledgment, collateral

² E.g., report writing, auditing, good management, fee collection mechanism, means-testing mechanism, repayments

Table 10.5 Leveraging strategy outline

Short -list of sources of support that are to be approached ¹	The nature and scale of the resources your organization will seek from this source	The approach your organization will use to access resources from this source
Source 1 _____		
Source 2 _____		
Source 3 _____		
Source 4 _____		
Source 5 _____		

¹ These should be the subset of the list of sources in your resource matrix (Table 7.1) which can contribute to satisfying your needs (Tables 10.1, 10.2, and 10.3) and whose own demands of your organization are manageable (Table 10.4).

Most of this guide has been devoted to describing the many and different sources of leverage, and explaining how to determine what you want for your organization, and the kind of sources that seem suitable. You are now ready to take steps to secure those resources.

Your RHO may be very effective in achieving your program objectives. Perhaps your organization has clear goals, benefits from inspired leadership, is both efficient and effective in managing its operations, and is willing and able to respond to the information and accountability needs of its donors. This is the reality of your organization. But do your current and potential supporters view your organization in this manner? Creating a good image is one strategy that all RHOs need to consider no matter where their resources come from. This is explored in Chapter 11.

Issues raised by the inclusion of individual and organizational clients in your leveraging strategy are explored in Chapter 12. These include the planning, introduction, and administration of fee systems, and, in the case of organizational clients, negotiating contracts.

Chapter 13 provides details on how to implement some of the more common approaches to fundraising within the community—special events, sponsorships, and raffles.

Soliciting support from donors—government agencies, foundations, and international organizations—almost always requires some kind of proposal. Chapter 14 explains the nuts and bolts of proposal writing.

Chapter 11

Image and Influence

The importance of organizational image

Individuals and organizations seek products or services from the providers they perceive as being best able to satisfy their wants or needs. Frequently, they base their decision on the impression or image they have of the organization. An organization with a good image will not only appeal to clients, it will also appeal to donors and will more easily attract staff and influence government decisions. Image is vital to the success of any leveraging strategy.

How an organization is perceived—its image—is derived from impressions gained either through direct encounters with the organization or from reports. There can be as many images as an organization has clients and stakeholders, who may include individuals and organizations that use the services, to staff, suppliers, host communities, and donors.

Image is not some inevitable by-product of how business is conducted. It can be molded and marketed, and *it should be* in order to develop a distinctive organizational identity. The challenge is to develop and manage a unique identity that communicates relevant aspects of your organization to clients and stakeholders.

An important way to define organizational identity is to “position” the RHO by differentiating it from other providers in terms of the clients it serves, as well as the type and quality of the products and services provided. This involves drawing attention to the way that the organization, better than others, addresses the needs and wants of intended clients. Differentiating the organization from others makes it more memorable and distinctive.

Image is vital to the success of any leveraging strategy.

One organization-multiple images

Clients *who are not treated promptly or courteously may perceive the organization as unresponsive or uncaring, and go elsewhere.*

Local professional groups *that give high priority to the technical quality of the services and the professional qualifications of the staff are likely to be impressed by the clinical quality of the treatment.*

Donors *that receive incomplete or tardy reports on activities they support may begin to question the administrative capacity of the organization to handle increased levels of funding that may be associated with “scaling up” current programs.*

*Good performance
must be communicated
if it is to contribute to
an effective leveraging
strategy.*

How does your RHO identify and convey suitable images? Basically, it needs to start with some kind of market research. It need not be very sophisticated, but it should be geared toward identifying the needs of your RHO's potential supporters and matching these with the products and services it offers. (The profiles you developed in Chapter 7 are an essential part of this research.) This information will enable your RHO to define the set of images it wishes to convey. It then needs to design a strategy for conveying that image.

Identifying influential individuals and groups

A good first step is to identify individuals, groups, and organizations that influence the opinions of your RHO's various potential supporters. These may be:

- ✦ **Print and electronic media representatives**, e.g., journalists, editors, commentators, owners
- ✦ **Opinion leaders**, such as teachers, public officials, prominent business and professional people, clergy, local association leaders, wealthy families
- ✦ **Organizations**, including civic groups, public and private social agencies, cultural and political associations, religious organizations, youth groups

RHOs can identify influential individuals or groups who may be important to their organization by *brainstorming* with colleagues to generate lists of names of individuals and groups based on their:

- ✦ **Positions of authority**—senior public officials, and the heads of large business enterprises and civic organizations
- ✦ **Reputation**—individuals and groups with power and influence
- ✦ **Public participation** in civic events

It may be useful to narrow the list to those individuals and groups participating in recent decisions within a community, such as the opening of a new school, adoption of new regulations affecting local businesses, or the commissioning of a new factory.

A **stakeholder analysis** is a third and still more focused approach to structuring the investigation of local networks. A stakeholder is any

Newspaper promotion

The Cambodia Daily, *the major English language newspaper of Cambodia*, began an educational and fundraising campaign for mosquito bed nets. The newspaper not only drew attention to the organization involved, but also encouraged the community to support the campaign through donations and volunteering.

individual or organization that has an interest in the performance of the RHO, who benefits from, or is threatened by, the success of the RHO's operations. They have the motivation to block or facilitate the success of the RHO.

The impact an RHO has on all aspects of the community, not just the health status of the populations it serves, can be an important image tool. An RHO makes a contribution to the local economy not only in terms of healthier or more productive workers, but also through jobs created and the purchase of local services.

Influential people may already be associated with the RHO. For example, a prominent local physician on its board may be influential in his or her national professional association, and may be able to attract the interest of the association or their international partners.

Developing a communications plan

Develop a communications plan designed to enhance the prestige of your organization by showing how your RHO satisfies the needs of its clients and community. The main targets of this communication are the influential individuals and organizations which your RHO has identified as being most concerned with these issues. People like to give to organizations they know. Your RHO needs to publicize its work, accomplishments, and current level of public support.

What your RHO communicates needs to be based on its research into its supporters' motivations and its organizational requirements.

Consider how well your organization meets the needs of its various supporters or potential supporters. These features will become the substance of the image it creates.

- ✦ How successful is your RHO in meeting the needs and wants of its **clients**? How is your RHO currently viewed by its clients? How does its ability to provide these benefits compare with that of other organizations accessible to its clients? Use the client profiles prepared in Chapter 7 to answer these questions.
- ✦ How well does your RHO satisfy the requirements most **donors** have? Draw on the results of the organizational diagnosis (Chapter 8) to identify to what extent your RHO has clear organizational goals, a history of program effectiveness, dynamic leadership, operational efficiency, and a commitment to sustainable services.
- ✦ How well does your RHO meet local **community** needs? You will find from the community profile (Chapter 8) that communities need and want many things. It is unlikely that your RHO will be able to demonstrate a contribution to all the issues that interest them. But it can certainly show its relevance to a wide range of

People like to give to organizations they know.

social and economic concerns—from its role as a local employer to the services provided to its program beneficiaries.

The time, place, and location of communication activities is vital. Four broad types of *contacts* should be included in a communications program:

1. **Personal contacts**—these are face-to-face encounters between individuals from your RHO and the supporter. Examples include:
 - ✦ *Informational interviews or discussions* initiated by either party to identify areas of mutual interest. It is useful to leave written materials with the potential donor which support your RHO's organizational image, e.g., its mission statement and program objectives, how and where it operates, and its measurable achievements.
 - ✦ *Participation by your RHO in professional functions* hosted by others. These can create an opportunity for an individual discussion, or provide a forum to demonstrate the capabilities of your RHO and its leadership. Examples of such functions are government-sponsored commissions to investigate a particular issue, professional meetings, and participation in a donor-supported sector review.
 - ✦ *Invitations to supporters to participate in your RHO's activities and special events* that would be of interest to them based on research into their goals. These might be training courses, project reviews, or public meetings to present and discuss lessons learned from your RHO's implementation experience.
 - ✦ *Visits to your RHO's facilities and project sites* that supporters might make in the course of their own operations. Favorable impressions of your organization's effectiveness and efficiency can serve as a solid platform for more formal follow-up discussions with your senior management.
2. **Media contacts**—these are “encounters” between your RHO and supporters through various mass media. Examples of such encounters include:
 - ✦ *News coverage* of your RHO's activities. This typically requires a sustained effort to establish good working relationships between your organization and the local press—print and electronic.
 - ✦ *Professional visibility* in the form of letters to the editor, newspaper articles, and participation in radio or television discussions of issues of concern to your organization. These serve the dual purpose of raising donor awareness of your RHO's activities and enhancing its credibility as a respected source of expertise and leadership.

3. Reputation—these are “encounters” that are mediated through word-of-mouth within the community. Examples of such encounters include:

- ✦ *Unsolicited comments about your organizational performance* that a potential client may have heard from a current client or a donor may have received from a group which is familiar with your RHO’s work.
- ✦ *References or referrals* by other donors or groups (e.g., the ministry of health or other local organizations) in response to a donor’s current or anticipated need for a relationship with an organization such as your RHO.

RHO’s have very little direct control over these types of encounters. Nevertheless, they can influence them indirectly through existing relationships with clients, other donors, and organizations within the community.

Preparing an organizational brochure

A brochure is an excellent way to convey the image of an organization. It should be simple and easy to read, and give the reader a taste of who you are, your philosophy, and your goals for the community. It is not a complete history of the organization nor is it a technical explanation of the work. It contains no requests for money. Brochures should be designed to go along with a letter, a proposal, or face-to-face solicitations. Costs can be kept to a minimum by creating the brochure in-house or asking a company to pay for printing. A brochure should:

- *Have great photos and lots of them*
- *Include open spaces that do not have words*
- *Be readable—short sentences with bullets*
- *Briefly explain what your programs do to enrich the community*
- *Identify opportunities for people to support you*
- *Prominently display the RHO’s logo, address, and phone number*

4. Service delivery contacts—your clients’ direct experience of the services your RHO offers. Their impression of the RHO’s organizational image will be formed almost entirely by what they experience when they seek its services. The quality of those products and services, the condition of the facilities, and the nature of the interactions between its staff and clients are crucial to the image clients will take away and communicate to others.

Your RHO’s organizational image will impact the success of its leveraging strategy. Creating a good image is a strategy all organizations should employ, no matter what sources or types of support they seek.

Resources

Corporate Communication. Paul A. Argenti. (New York: Irwin McGraw-Hill, 1998).

Effective Public Relations. Scott M. Cutlip, Allen H. Center, and Glen M. Broom. (Englewood Cliffs, NJ: Prentice-Hall, Inc., 1989).

Chapter 12

Leveraging Resources from Clients

This chapter discusses how the purchase of program and program-related products and services can be financed by implementing a system of individual user fees or entering into contractual agreements with other organizations.

Establishing a user-fee system

In previous chapters you should have:

- ✦ Identified any potential individual fee-paying clients you might have (Chapter 4)
- ✦ Collected some basic information on these potential clients (Chapter 7)
- ✦ Analyzed carefully whether charging individual clients is a suitable leveraging strategy for your organization (Chapter 10).

If, on the basis of this analysis, you have concluded in favor of charging clients or charging clients more, consult this section for guidance on what services to charge for, how much to charge, whom to charge, and what administrative procedures are involved.

Before considering these issues, however, it is vital to be clear from the outset about what you want your fee system to accomplish. How this system is structured and administered will impact whom you serve and how effectively you address their needs and wants—that is, it will impact on your ability to achieve your strategic mission.

The practice of setting prices

For which services should your RHO charge?

Your RHO might decide to charge for some, but not all of the goods and services it provides.

- ✦ *What goods and services do people buy from other providers?*

It might be easiest to charge for those goods and services that people are already used to purchasing. Charging for goods and services they currently receive elsewhere free of charge may require more persuasion.

*Be clear about what
you want your fee
system to accomplish.*

Pricing your services

Pricing the goods and services you offer requires that you...

- *Know your costs*
- *Know your clients*
- *Know your competition*
- *Know your financial objectives*

Prices may be set too high if they...

- *Limit access of intended client populations to needed services*
- *Motivate clients to switch to other private providers*
- *Encourage other organizations to offer similar products and services at a lower price*

Prices may be set too low if they...

- *Lower utilization by intended clients who believe low prices reflect low service quality*
- *Fail to meet organizational cost recovery objectives*

Setting prices is a trial and error process.

- ✦ *Are there any services for which no fee should be charged?*

Some services may be of such critical public health importance—for example, immunizations—that the objective is to eliminate or minimize any potential barriers to their utilization, particularly among low-income groups. Others may be services for which fees are difficult to determine or charge in practice, such as health education.

- ✦ *Are there any products or services that are expected to pay for themselves or are intended to subsidize other services by being sold at higher rates?*

These could include non-critical services and products but ones with general appeal that people are willing and able to pay for, such as ultrasounds or cough medicines.

How much should your RHO charge?

To help you decide how much to charge, consider the following questions and complete the exercise in Annex 9. You will find your client profiles (Chapter 7) very useful in this process and you should also consult with your staff.

- ✦ *What are the goods and services your RHO currently offers individual clients?*
- ✦ *What do people pay other providers for goods or services similar to those your RHO offers?*

This is a useful starting point for two reasons. One is that it is an indication of what people are prepared to pay. The other is that it gives you an idea of some kind of upper limit of the prices your RHO might charge. If you charge more than that, clients might go to the other, cheaper provider.

Free or heavily-subsidized products and services from government providers are likely to be your greatest competition, particularly among the low-income groups your RHO is committed to serve. But it is also important to identify any private providers—either individual practitioners or other RHOs—who are reaching your intended clients with similar goods and services.

- ✦ *Are the clients who use your competitors' services the same kind of clients (in terms of socio-economic status, education, and employment) that your RHO wishes to attract to its facility?*

If there are important differences, you will need to consider the implications of this for your RHO's charging policy. If your

RHO's client population is rural, for example, it may not be appropriate to compare its service fees to those charged to urban clients, who may have access to different forms of employment and income.

- ★ *Are the goods and services offered by your RHO different from the competition in terms of quality or accessibility?*

If your RHO's products have clear advantages over similar products offered by other organizations, this might allow it to charge more. There must be benefits the clients themselves perceive—use your client profiles to establish this. If you feel your RHO offers other, unappreciated benefits, you will need to make sure that clients are also made aware of these benefits through promotional communications. It might be useful to talk informally with other providers to get their impression of your organization's strengths and weaknesses.

Whom should your RHO charge?

Based on the fees identified in Annex 9 consider:

- ★ *What percentage of your RHO's intended client population could not reasonably be expected to pay these prices?*

It is important to identify those clients who may be discouraged from using your RHO's products and services as a result of user fees. Fee exemption systems are one possible means of allowing those clients who cannot afford fees to continue using services. A fee exemption system may be suitable if the percentage of clients who cannot afford fees is low in relation to the total client population, but not if this group represents a high proportion of the client population. Setting a price and then exempting most people from payment involves administrative time and effort with few benefits.

If a significant proportion of the intended clients cannot be expected to pay, an appropriate question is:

- ★ *How much lower would fees have to be to be affordable to most of the intended clients?*

If this implies very low fees, you might decide that it is not worth the administrative burden to establish charges. You may even conclude that it is necessary to close this site since it is not financially viable. However, if there are enough other clients who could pay, some kind of means testing system—with a sliding scale for fees or a two- or three-tier system—would probably be appropriate.

- ✦ *What would it cost to establish a suitable means testing procedure?*

Means testing can be done in different ways:

- On the simplest and least expensive level, it can consist of an auxiliary nurse excusing a patient from payment because the nurse knows, or suspects, that the client is poor. The nurse's assessment may or may not be accurate, and making the assessment could put the nurse in an uncomfortable position. However, such simple techniques are low cost and can be very effective in community health centers where the service population is well known.
- Socio-economic questionnaires, possibly including home visits, are a more costly approach involving significantly greater staff effort. If done well, they can produce precise and objective assessments, although some people are reluctant to discuss their economic level, especially if they are extremely poor. This problem can usually be overcome by indirect assessments of wealth or income such as "Do you own a television?" or "Does the head of household have a regular job?" Clear procedures are necessary to avoid multiple points of exemption, and some means of identifying the class of each patient must also be devised: a card, for example, which can be presented at subsequent visits to determine the appropriate rate. This approach is usually only cost-effective in hospitals and large clinics.

Estimating the effect of client fees on the use of services

Having considered all the issues above, decide what appears to be a workable fee structure which is compatible with your RHO's mission and calculate the likely effect on the utilization of its services, particularly for those services and those clients about whom your RHO is most concerned.

This can be estimated in a number of different ways. Some involve looking directly at the relationship between prices charged and demand by:

- ✦ Studying the utilization of services provided by others and the prices they charge
- ✦ Studying past responses to price changes made by the RHO itself
- ✦ Setting up pilot studies and experimenting with price changes on a limited scale.

Others involve questionnaires about hypothetical price changes which can be addressed to existing or potential clients or community leaders either as a group (e.g., focus groups) or individually (e.g., household surveys). The next box presents a simple example of such a “willingness to pay” questionnaire.

It may be possible to estimate likely demand from knowing certain characteristics of the clients or potential clients—e.g., their income, occupation, housing characteristics—information which again can be gathered through focus groups or household or other surveys and should be available in your client profiles (Chapter 7).

Estimating income from client fees

Income from client fees can be calculated as the product of utilization and price.

In the light of your calculations of demand and income, reconsider what a suitable price structure might be. Analyze how much, whom, and for which services to charge until you are satisfied that you have a reasonable system.

Setting prices is a trial and error process, as is the marketing of almost any product. Monitor the effect of your fee-paying system on utilization, particularly by the target group, and adjust the pricing strategy as necessary. If declines in demand are recorded, it is important to understand what these represent—for example, wealthier patients may be going to other private providers, or poorer patients may no longer be seeking care.

Introducing a client fee system

The manner in which fees or fee increases are introduced can make a big difference to the response from clients. A sudden sharp price increase without any advance warning or discussion can provoke resistance from clients and even negative political repercussions.

To minimize this risk:

- ✦ Involve the community in the preparatory phase so that it understands the need for fees. Invest in an information program to promote understanding and reduce resistance among various subsections of the community—formal and informal opinion leaders as well as current and potential clients.
- ✦ Refer to the profiles of current clients to see how they perceive your services. Before making any fee changes, make improvements in the *quality* of your services and in patients’ *perceptions* of the services. Both strategies will help make any fee increase more acceptable. Major additional investments may not be

Involve your clients and community before establishing or increasing fees.

Measuring willingness to pay

One simple approach to measuring willingness to pay features a short list of questions that can be rapidly administered to current or potential clients. To implement it, you:

- *Take the current price as a starting point*
- *Ask a series of questions about willingness to pay a moderate and a large increase (being considered by management)*
- *Ask for the maximum price clients are willing to pay.*

This approach is illustrated in the following example of a “willingness to pay” questionnaire used in Mali:

1. *How much do you usually pay for your pills? _____CFA*
2. *If the price of your pills were to increase by 100 CFA, would you continue to buy from your usual source?*
 - 1) *Yes*
 - 2) *No—go to 4*
 - 3) *Don’t know- go to 4*
3. *And if the price of your pills increased by 150 CFA, would you continue to buy?*
 - 1) *Yes—go to 5*
 - 2) *No—go to 5*
 - 3) *Don’t know—go to 5*
4. *If the price of your pills increased by 50 CFA, would you continue to buy?*
 - 1) *Yes*
 - 2) *No*
 - 3) *Don’t know*
5. *What would be the highest price you would be willing to pay for 1 cycle of pills? _____CFA*
6. *If the price of pills at your usual source increased by more than you would be willing to pay there, what would you do instead?*
 - 1) *Look for cheaper brand/method at the same source*
 - 2) *Look for a cheaper source of the same method*
 - 3) *Look for cheaper method and cheaper source*
 - 4) *Stop contraception*
 - 5) *Other_____*

Using Simple Survey Techniques to Set Prices. Foreit, Karen, (The Futures Group, 1998).

necessary. Relatively inexpensive improvements such as painting the building and reducing waiting time may be more successful in appealing to clients than more expensive technical improvements that go unnoticed. In some cases, it may simply be a matter of pointing out why price increases were necessary, or the benefits of the service.

Impact of increasing fees

A private clinic in Harare, Zimbabwe, noticed a decline in family planning clients when the price of contraceptives increased due to the devaluation of the Zimbabwe dollar. Through a survey of clients and community members, the clinic learned that the community felt the price it charged for pills was too high. People preferred to buy commodities from the public sector where pills were 5 to 10 Zimbabwe dollars less. In response to these findings, the clinic staff sent every household in the neighborhood a letter stating that while the cost of pills was higher than in the public clinic, once the cost of transportation was factored in,

“you will have paid \$20.00 and 4 hours of stress. You could save this by walking [to our clinic] where you get served coffee, tea, or a cold drink while you wait. Or watch the 6 o’clock news on our TV. Time spent is less, amount paid only \$15.00.”

This strategy worked—client visits returned to previous levels and grew from there.

Administering the fee system

Fee systems need to be supported by adequate administrative arrangements. Be prepared to allocate staff time or hire additional staff to perform the necessary administrative tasks. Even when staff have spare time it is not uncommon for them to resent additional administrative responsibilities, so a system where the responsibilities are clearly delineated is needed.

Establish a system with accurate, transparent, and well-defined procedures (relating to recording, safeguarding, and reporting on revenues) and make sure these are well understood. This system should be designed to minimize the danger of funds leaking out of the system and to maintain the trust of clients. It should cover:

1. **Clarifying the amount that has to be collected.** The appropriate staff person should have access to a current fee schedule, and an accurate description of the service or services provided. In situations where there is a permanent patient classification, staff should also know if the client is a full-pay, partial-pay, or exempt user.

Know the costs of administering your fee system and keep them low relative to the income you expect to generate.

2. **Collecting the appropriate amount.** A cashier needs to request and receive the payment, record it in a daily log book, store it in a secure cash box or cash drawer, and issue a receipt to the client. Fees that have been waived or adjusted should also be recorded.
3. **Recording and analyzing total charges.** The daily tallies of the gross amounts charged, adjusted, and waived should be reviewed. This will reveal whether or not the collection policy is being applied consistently and whether the criteria for waivers and exemptions are too strict or too lenient. This could be done in weekly presentations at staff meetings, thereby keeping staff informed and involved in the system.
4. **Reconciliation and deposit of the revenues collected.** There should be a daily cross-checking and matching of (i) funds collected, (ii) services provided, and (iii) cash received. The funds should then be deposited with an appropriate financial institution.
5. **Preparing reports.** Financial summaries and management reports should be done routinely on a daily, monthly, and annual basis. It is useful to have some of this information disaggregated by service/product in order to see trends. This may reveal how demand is being shaped by the user-fee system.

The costs of administering a fee system will vary according to the system the RHO adopts. It is important to know what the costs are and to keep them low relative to the income expected to be generated.

In designing the implementation of fee collections, give some thought as to when, in the flow of the patient through the clinic, is the best moment to collect fees. Try to minimize the time patients spend in queues while ensuring that fees are collected from anyone receiving care.

Contractual agreements

In previous chapters you have:

- ✦ Learned about the variety of mechanisms for leveraging resources from organizations including:
 - Selling supplies, health, or administrative services to other providers
 - Managing another organization's clinic—e.g., a work-site facility established by a company for its employees, a public (e.g., municipal) health center, or a clinic established by a local NGO

- Selling products and services to individuals whose fees are paid by a third party, such as their employer or an insurance company.
- ✦ Identified any potential organizational clients you might have (Chapter 4)
- ✦ Collected some basic information on these organizations (Chapter 7)
- ✦ Analyzed carefully whether organizational clients are a suitable leveraging source for your RHO (Chapter 10)

If, on the basis of this analysis, you have concluded in favor of leveraging resources from this source, consult this section for guidance on the kinds of services you should offer and how much to charge.

Before considering these issues, however, it is vital to clarify from the outset what you want to accomplish through your sale of products and services to other organizations. Are you primarily interested in building strategic alliances with these other organizations, in facilitating their own ability to service a shared or overlapping client community, or in generating revenues for your own organization? Your answers are important, as they will influence what you should offer and at what price.

Deciding what to offer

To help you decide what goods and services your RHO might sell to other organizations and for how much, consider the following questions and record your answers in the table in Annex 10.

- ✦ *What are the products or services your RHO already makes available to its individual clients? For example:*
 - contraceptive supplies
 - laboratory services
 - reproductive health consultations
 - surgical contraception
- ✦ *What are the services your RHO provides internally to support its own program? For example:*
 - staff training
 - communications—the design and production of information materials
 - administrative services—bookkeeping, accounting, procurement
 - logistics services—transportation of people or materials, distribution of products or information
 - technical services—needs analysis, client satisfaction surveys, program evaluations

Charging organizational clients can be a way to develop strategic alliances. But its primary purpose is usually to make money.

- ✦ *Do organizations pay other providers for these products and services? Which ones?*

Answering this question will give you an idea of the kinds of products and services other organizations expect providers to furnish. Such information can help you anticipate the likely demand for your own products and services. Success will depend on your ability to distinguish your offerings from those of others in quality, convenience, or price, for example.

- ✦ *Is your RHO aware of a potential demand for these services or goods?*
- ✦ *What products can your RHO offer at minimal additional cost to the organization?*

If your RHO can take advantage of spare capacity in the organization—existing staff and facilities—to produce the needed products and services, consider offering them to potential organizational clients. For example, if your RHO already conducts training courses for its staff, consider whether it could make available places in those courses, or even run additional sessions, for other organizations. Doing so would take advantage of existing staff and materials within the organization to create a service it could market to another group.

Deciding how much to charge

- ✦ *How much does it cost your RHO to provide the product or service?*

Costs are the basis for prices of these products and services, assuming your RHO is only offering them to generate resources. Charging less than the cost would mean losing, not making, money. If your RHO is taking advantage of spare capacity within the organization, it may find that its additional (or marginal) costs are quite low.

- ✦ *What competition will your RHO face from other providers?*

Identify other individuals and organizations—public, commercial, or not-for-profit—which are reaching your RHO's intended organizational clients with similar goods and services.

- ✦ *What are the going rates for the products and services your RHO plans to offer?*

These rates will give your RHO an indication of what potential organizational clients are prepared to pay. They also suggest an upper limit of the prices it could charge. It may be possible to charge more, but only by offering some benefit that clearly

If your purpose in charging organizational clients is to make money—then costs provide the benchmark for deciding prices.

distinguishes your RHO's services from those of your competitors—perhaps direct access to technical staff, higher quality materials, or services that are customized to the organizational client's specific needs.

✦ *How do the going rates compare with your RHO's costs?*

If your RHO's actual costs for a particular good or service are higher than the prices being charged by other organizations, it will be difficult for it to make a business selling that good or service (unless it can take advantage of quality or other differences).

Consider, however, the possibility that its high costs might reflect some inefficiency that could be addressed. Making improvements in the organization to reduce that inefficiency would be worthwhile whether or not it subsequently proves possible to fashion a business out of selling the service. On the other hand, having higher costs than those of other sellers does not necessarily mean that your RHO's costs can be reduced. It may be, for example, that other organizations operate on a larger scale and can share some of their costs across a higher output (economies of scale), thus reducing their costs per service.

✦ *Are third parties willing to subsidize the cost of the products and services other organizations purchase from your RHO?*

Donors are sometimes willing to subsidize the cost of services provided to other community-based organizations that may have difficulty paying the full price. The donor does this either through a subcontract with, or grant to, your RHO or through a grant to the grassroots organization so that it can pay the full price. Either way, your RHO could recoup the full cost of the service or products while effectively charging the clients a reduced price.

This discussion on charging individual and organizational clients only touches the surface of the issues related to pricing and administering fee systems. A number of references for pricing services are available and are included below and in the resource list.

Donors are sometimes willing to subsidize the cost of services provided to other community-based organizations that may have difficulty paying the full price.

Resources

Designing a Family Planning User Fee System: A Handbook for Program Managers. Larry Day. (Family Planning Service Expansion and Technical Support (SEATS), 1993 Revised Version).

Means Testing in Cost Recovery: a Review of Experiences. Ruth E. Levine, Charles E. Griffin, and Timothy Brown. (HFS Technical Note #23, Jan. 1992).

Means Testing in Cost Recovery of Health Services in Developing Countries. Carla Y. Willis. (HFS Major Applied Research Paper No. 7, Nov. 1993).

Pricing: Making Profitable Decisions. K.B. Monroe. (New York, NY: McGraw-Hill, Inc., 1990).

Using Simple Survey Techniques to Set Prices for Social Marketing Products. Karen Foreit. (Washington, DC: The FUTURES Group, 1998).

Chapter 13

Accessing Support from the Community

In previous chapters you have:

- ✦ Identified potential organizations and individuals in your community who may be interested in supporting your organization (Chapter 5)
- ✦ Collected some basic information on these organizations and individuals (Chapter 7)
- ✦ Analyzed carefully whether community support is a suitable leveraging source for your organization to pursue (Chapter 10).

If, on the basis of this analysis, you have concluded in favor of leveraging resources from the community, consult this section. It offers further guidance on what you should do to implement this strategy.

Cultivating your supporters

*"Put the relationship between your organization and your supporters first. Whatever strategies and techniques are employed to boost funds, the overriding consideration in this 'relationship fundraising' is to care for and develop that special bond ... Every activity of the organization is therefore geared towards making donors feel important, valued and considered. In this way relationship fundraising will ensure more funds per donor in the long term."*⁹

It is much easier to solicit donations from current donors than from people who have no commitment to your organization. It makes sense, then, to build on and sustain your RHO's base of supporters, and focus on creating an enduring relationship with them. Fundraising is a people business. Supporters need to identify with your organization, to feel a sense of shared ownership. Making friends should come before raising money.

Building a good relationship is easier if you follow the rules outlined below:

- ✦ **Be honest and sincere.** Let your commitment show.
- ✦ **Be prompt.** Reply quickly and efficiently to any request from donors.

Making friends should come before raising money. If you open people's hearts and minds, they may open their wallets.

⁹ *Relationship Fund Raising*. Burnett, Ken. (White Lion Press, 1982).

Business solicitations— common mistakes

- *Asking for donations at a busy time for the business.*
- *Thinking that the contact you have is the best contact—there might be a better one.*
- *Forgetting that businesses are in business to generate a profit.*
- *Thinking that you will get a donation on the first try.*
- *Failing to publicize business donations.*

- ✦ **Be interesting.** Use dramatic and compelling material. Tell a story.
- ✦ **Be involving.** Encourage regular feedback and dialogue from donors.
- ✦ **Be helpful.** You are there to help your donors.
- ✦ **Be faithful.** Stick to your promises. Stand by your organization's mission and do not compromise what it stands for.
- ✦ **Be cost-effective.** Donors do not want to see their funds wasted.
- ✦ **Be informative.** Show donors that their money is in good hands. Share problems as well as successes.
- ✦ **Be respectful.** Treat each small donor as though they might become a large donor.

Actively soliciting help

While your RHO may have a large number of supporters, it is unlikely that any will simply offer their resources. At some point, supporters must be asked for their help. Prospective donors need to be asked and asked again. Use every opportunity to ask and try to be as effective as possible each time. Make it as easy as possible for the donor to respond.

How to ask for support depends on which donor is being approached and how much support is being sought. In general, however, your RHO must:

- ✦ **Ask in the right way.** The most effective way to solicit individuals is with the personal approach—if you open their hearts and their minds, they may open their wallets! Arrange to meet at a clinic or project site, introduce potential donors to clients and staff, or set up meetings with members of the board of directors. Find the right person to do the asking and have them practice what they will say and how they will ask.
- ✦ **Ask for the right thing, and be clear.** Know how much to ask for, and when. People need to be asked for a specific amount or service. They do not automatically know “how much” is expected of them. Always state exactly what you need or give them a range of options.
- ✦ **Be convincing.** RHOs need to convince potential supporters that:
 - There is a need and that something should be done about it. People give to people, not to organizations or even causes. They don't want to hear about the need for office space or equipment, but they do want to know the needs of your clients.

- A contribution from them will make a difference.
- By supporting the organization, they are also satisfying their own needs or addressing their own interests. The challenge is to identify the donor's motivation for giving and link your appeal to it.
- ✦ **Make a gift yourself first.** Actions speak louder than words. Givers make better askers. Even if a convincing case for giving to the organization is made, people may not give if they don't see the organizers prepared to give as well. Successful fundraising campaigns start with participation by every staff and board member as well as volunteers. Even if it is a tiny amount, the goal is 100 percent participation by the organization before approaching the community.
- ✦ **Acknowledge every donation with a friendly, personal letter.** Make sure to send a note the same day thanking the donor for the donation. Give larger donors special treatment.

Holding special events

Special events are an important approach to raising funds from the community. They often take up to one year to plan, so they need to be organized well in advance. This section outlines a procedure for deciding what special event might be appropriate and planning for its implementation.

To initiate the process, get together with the staff, board members, and volunteers and brainstorm special events ideas. The purpose of this brainstorming is to work through the first four steps in the procedure outlined below. The group can then appoint an events committee and coordinator to organize and manage the implementation of the event. The events coordinator could be a staff member (who will need to be given specific time to work on this), a board member, or a reliable volunteer.

First—Start by clarifying what your RHO wishes to accomplish with the event.

- ✦ What financial goal should be reached with this event? Specify the net profit your RHO wants to realize.
- ✦ What other goals can be reached with this event?
 - Increase the visibility of your RHO in the community?
 - Promote a specific cause?
 - Build a greater sense of community?
- ✦ Which internal and external audiences can be involved? Will the event be designed to generate funds from current supporters or solicit support from new donors?

Individual solicitations—common mistakes

- *One hundred percent of the board members do not contribute first.*
- *Board does not help with solicitation.*
- *Materials are poorly designed.*
- *Poor recruitment, training, and coordination of volunteers.*
- *Not enough personal contact.*
- *Failing to acknowledge donors and volunteers in a timely manner.*
- *Asking for what you think people will give and not what you really need.*

Tips for organizing successful special events

- *Get as much as possible donated—the space for the event, printing of tickets, posters, and other advertising, as well as the food and drinks.*
- *Consider running a special event in tandem with a raffle. Proceeds from the raffle can be used to cover some of the cost of the event.*
- *Think about honoring an individual or business at the event. It is often easier to fill a room if you honor contributors to your RHO or to the larger community.*
- *Get volunteers to run the event. Although time consuming, running an event is also very rewarding.*
- *Try and make the event an annual one. If people enjoy themselves, they will look forward to the next one.*
- *Always make the event enjoyable. Do not make your guests sit through hours of speeches. Give them the opportunity to mingle and to meet others.¹⁰*

Second—Put together a list of possibilities that satisfy your RHO's goals. Consider the following issues:

- ✦ What events has your RHO already organized in the community?
- ✦ What events have similar groups organized and how successful were they?
- ✦ What activities does the organizing group enjoy preparing?
- ✦ How many volunteers are available to help with the event?

Third—Consider the following features of each:

- ✦ Which group of people might the event appeal to? How can the event be designed to best suit that group? For example, if the idea is to have a dance, the kind of music played should be based on the type of audience invited.

- ✦ Does your RHO have the necessary resources?

Do staff and volunteers have the time and talent necessary to conduct the event? If not, what would it cost to get the necessary additional resources?

Prepare a budget that details expenses and projected income.

If the financial return is unattractive, either look for an alternative event or, if the event has other merits, explore the possibility of individual or corporate sponsors to underwrite the cost of the event.

- ✦ What special requirements may be necessary?

Review all applicable laws and regulations in the local community. If the event includes a raffle or the distribution of beer, wine, and liquor, see if a license or permit is required. Regulations concerning crowds and noise must also be reviewed and proper permission requested. Determine if security is needed, particularly in the case of concerts and other public gatherings.

Fourth—Choose the event. Appoint an events committee and coordinator.

Fifth—Choose possible dates and times for the event after consulting the local community calendar. Be certain that there are no other major events scheduled for that date, or that it is not a time where people would rather stay home or are away on holidays. Certain holidays may be a good time to hold a special event. Make sure that the proposed date is realistic. Some events may be planned in a matter of weeks. Others may require up to a year to plan.

¹⁰Securing Your Organization's Future. Seltzer, Michael. (The Foundation Center, 1997).

Sixth—Decide about such issues as the location of the event, whether to sell raffle tickets or offer door prizes, and what kind of costs are involved. Pay close attention to the site of the event, particularly if it is outdoors. Remember to consider the weather. The site should be accessible and attractive.

Seventh—Consider how your RHO can use the event to cultivate support. Be sure that the event will provide opportunities for donors to become more aware of your RHO. The event could include an educational component—an occasion for people to learn more about your RHO’s work—such as a tour of a clinic or the offices. Your RHO could set up a photo display or a video presentation highlighting the its services.

The Cambodian Midwives Association’s special event

For several years, the executive director of the Cambodian Midwives Association (CMA) felt that a fundraising event would be a good idea. But there had been resistance from Executive Committee members. Some thought that CMA’s donors might not be pleased. Others were concerned that the event might lose money. However, after some discussion, the committee decided to hold a “Concert for Charity,” a dance, and a lucky draw on the Saturday evening before Khmer New Year.

Members of the Executive Committee visited various companies and ministries to solicit support. Donations of soft drinks, a mobile phone, pens, clocks, and other items were received and some were used as raffle or draw prizes. Several businesses donated cash and some also purchased tickets for the lucky draw, or allowed volunteers to sell them to their employees. The event was advertised through Medicam, an umbrella NGO in the health sector. About 600 tickets were sold at \$2 each, earning revenues of roughly \$1,200.

Expenses associated with the event included the venue, the musicians (CMA tried unsuccessfully to find entertainers who would volunteer), printing of tickets, banners, other advertising, and a television to be used as a prize in the raffle. Time and effort were also involved in planning, organizing, and following up on the collection of some promised donations, but the event was judged to be a success. In addition to the revenues earned, the event itself was good publicity. Roughly two-thirds of those buying tickets attended. A video of the event captures the spirit of the evening with shots of young people dancing Western style, older people dancing Khmer style, and jubilant winners running up to collect their prizes. The event also changed the attitudes of the members of the Executive Committee, who recognized that soliciting funds for a good cause was something to be proud of, and was not a shameful activity. More members are likely to be active in supporting future events.

Tips for approaching local businesses

- Highlight the benefits for the business.
- Suggest something specific for them to support.
- Use all the contacts you have in the community.
- Carefully consider who in your organization would be the best person to make the approach.
- Ask for in-kind donations.
- Each time you purchase something from a business, ask for a discount.

Businesses are accustomed to relationships based on give and take. RHOs must “sell” their organization, services, and products to local businesses.

Eighth—Also consider how to measure success of the event. Include a debriefing of staff and volunteers. Such evaluations will help your RHO plan for the future.

Annex 11 contains a Special Events Checklist which can be used to plan the event.

Seeking sponsorship

There are many methods for approaching businesses for support. Sponsorship is a particularly important one and can be combined with holding a special event. Use these two mechanisms—sponsorship and special events—as building blocks for future local fundraising from the community.

Many of the general points made at the beginning of this chapter, particularly in the sections “Cultivating your supporters” and “Actively soliciting help” are relevant to sponsorship.

Focus on building relationships with the local business community through a successful partnership. Decide:

- ✦ Whether to approach the business about sponsorship through a written proposal or a meeting with the business representative.
- ✦ If the latter, who in the business should be contacted and by whom?
- ✦ What information should be presented at the time of the initial contact?
- ✦ What specifically do you want the business to do for you? What are you asking the business to support?
- ✦ What can you offer the business?

Businesses are used to relationships based on give and take. They are accustomed to dealing with people “selling” them an idea or product. Your RHO must use this approach and “sell” the organization, services, and products to local businesses. It needs to highlight the benefits to business supporters in terms that they will find attractive.

Publicity, credibility, a good overall public image and, ultimately, enhanced sales, are all good selling points. Businesses are interested in the audience that will be reached. What kind of publicity will they receive? Be specific about the opportunities for advertising. Businesses will be interested in the reputation of your organization, as well as its importance to the community. Your organization and the business are interested in the same thing—increasing visibility within the community.

Conducting raffles

A raffle is often linked with special events and sponsorship. It can help to defray the cost of a special event. The event can provide an occasion for the raffle draw. Business sponsorship can underwrite the cost of the raffle through the donations of prizes for the event, printing, and advertising.

The key to a successful raffle is paying attention to the details:

- ✦ **Get the prizes.** Make a list of all the vendors who might donate a prize and organize a small committee to ask each for a donation. Be sure to highlight the publicity value for the business.
- ✦ **Get the volunteers.** Ask the volunteers how many tickets they will be willing to sell. Provide tickets to people who work in large businesses or government agencies or who have large circles of friends and ask them to sell them. Ask the volunteers if they know other people who may be willing to sell tickets. Have a prize for the person who sells the most tickets.
- ✦ **Get the tickets.** Raffles can go on for one month or six months—two to three months usually works best. The tickets must be numbered and they must contain two parts—one part for the organization to enter in the draw and one part for the donor. Try and get the printing donated but, if this is not possible, spend money to make the ticket look professional.
- ✦ **Distribute and keep track of the tickets.** Note the ticket numbers each volunteer has. Create deadlines for the return of tickets, sold or unsold.
- ✦ **Encourage your volunteers.** Keep in touch with the people who are selling the tickets. Keep them informed about who is winning the “most tickets sold” competition. Ask them to send in the stubs and the money they have already collected at regular intervals.
- ✦ **Set up the draw.** If possible, combine the draw with another event. This way your RHO can sell more tickets immediately before the draw. If there is not an event scheduled, have a small party for the volunteers and complete the draw then.
- ✦ **Hold the draw.** Put all the stubs in a box and have someone special to the organization pull out the winning tickets. Give out the last prize first. Also announce the winner of the “most tickets sold” contest and reward the volunteer at this time. Keep the stubs to create a mailing list for the organization.

How lack of planning affected a Nigerian raffle

A partnership organization in Nigeria decided to conduct a raffle and use the proceeds to purchase seed stock for a revolving drug fund. Booklets of raffle tickets were printed and given to volunteers to sell. Unfortunately, prizes for the raffle had not yet been secured and prospective ticket buyers did not know what they might win. As a result, only a few tickets were sold and those were to people more interested in supporting the organization than in winning a prize. In the end a number of prizes—including a TV, a six-month supply of baby products, and large bags of rice—were obtained. When people attending the rally saw how attractive the prizes were, they attempted to purchase tickets. Unfortunately, an insufficient number of tickets was available at the rally. The organization made only around US\$100 from the raffle, but learned from its mistakes. It decided that next time additional tickets would be sold at the rally, and the tickets would feature the prizes printed on the back.

The most difficult task in a raffle is not selling the tickets or getting the prizes donated, but collecting the sold tickets and the money.

- ✦ **Send out the prizes and thank everyone involved.** Arrange for the winners to pick up their prizes if they are not present. Send thank you letters to all those who donated prizes and each volunteer who sold tickets.
- ✦ **Evaluate the raffle.** Create a file for all the information on the raffle. Note how many tickets were sold, any problems that arose, the list of winners and volunteers, and the donated items and the donors.

A word of caution—the most difficult task in a raffle is not selling the tickets or getting the prizes donated, but collecting the sold tickets and the money. Do not wait until the end to collect stubs and money from your volunteers. Many people will claim to have sold their tickets when they have not. Account for all tickets well before the draw. Do not depend on receiving any money after the draw.

Finding volunteers

There are talented and creative people who are already involved with your organization. You can approach past donors, family and friends of your supporters, and even those who have received services from your RHO—your clients. Broaden your approach by advertising in the local newspaper or on television. Make the advertisement appealing and illustrate the opportunity volunteering presents to the individual.

For example, if you are trying to recruit volunteers for a special event, the ad could read: “If you know how to throw a great party, we are waiting for you! We need talented people to help with decorations and public relations.” If there are places that unemployed people congregate, put up a sign with the opportunities available at your RHO. Although it is only a volunteer position, “getting in the door” of any organization is appealing to people.

If you require specific skills, you can contact recently-retired persons or approach local businesses, such as legal or accounting firms. You could offer them the option of donating either time or money, thereby not limiting either your organization or the potential donor/volunteer.

*Finding good volunteers
involves matching your
needs with theirs.*

Resources

There are many types of local fundraising activities and this chapter only highlights a few examples. Additional information can be found in references listed below and in the resource section.

Effective Fund Raising. Leslie Brody. (Boston: Copley Publishing Group, 1994).

Fundraising for Social Change. Kim Klein. (Inverness, CA: Chardon Press, 1994).

Grantseeker's Toolkit. Cheryl Carter New and James Aaron Quick. (New York: John Wiley and Sons, 1998).

Managing for Profit in the Nonprofit World. Paul Firstenberg. (New York: The Foundation Center, 1986).

NGO Funding Strategies. Jon Bennett and Sara Gibbs. (Oxford: Intrac, 1996).

Securing Your Organization's Future. Michael Seltzer. (New York: The Foundation Center, 1987).

The Worldwide Fundraiser's Handbook: A Guide to Fundraising for Southern NGOs and Voluntary Organisations. Michael Norton. (London: International Fund Raising Group, 1996).

Chapter 14

Seeking Support from Donors— Writing a Proposal

In previous chapters you have:

- ✦ Identified potential donor agencies who may be interested in supporting your organization (Chapter 6)
- ✦ Collected some basic information on these organizations (Chapter 7)
- ✦ Analyzed carefully whether donor support is a suitable leveraging source for your organization to pursue (Chapter 10).

If, on the basis of this analysis, you have concluded in favor of leveraging resources from donors, consult this section. It offers further guidance on what you should do to implement this strategy.

Deciding on the type of proposal

Whether approaching a foundation, a government agency, or a corporation for funding, an organization must write some kind of proposal. Larger donors will usually place greater importance on the proposal than will smaller donors, who may be more influenced by personal contacts and reputation. Most proposals follow a widely-accepted general structure. Some donors, especially government agencies, will have a very specific format that they expect those seeking funding to follow.

A good proposal will not only build credibility for the RHO, but often encourages funders to look at the organization for specific funding initiatives in the future. It is worth investing time in preparing a good proposal. The returns may be substantial.

A proposal can be a brief summary letter or a lengthy document describing the project in detail. There are basically three types of proposals.

- ✦ The **letter of intent** or **letter of inquiry** is a two-page summary that includes a brief description of the project—its purpose and the problems and issues it will address—and an overview of the organization including the qualifications of key staff. It focuses

A good proposal builds credibility and encourages donors to include your organization in future funding initiatives.

on how the proposed project fits with the priorities and interests of the donor and states the approximate range of funding sought and the period for which it is sought. It should indicate what the next step will be, e.g., a follow-up phone call in two weeks. The executive director or board president should sign correspondence.

Many funders prefer letters of inquiry before talking to prospective recipients or accepting a proposal. They want to see if there is a match between the proposed project and their interests. Small donors may require nothing beyond the letter of inquiry.

- ✦ The **letter proposal** is usually a three-page description of the project plan, organizational capabilities, past project experience, and the actual grant request. Corporate foundations often use this type of proposal.
- ✦ The **long format/full proposal** is the most common type of proposal, and is favored by large foundations and government agencies. It consists of a cover letter and the full proposal.

Differences between foundation and bilateral/multilateral proposals

Foundation proposals

- *Unsolicited proposals are rarely funded and contact has usually been established before writing the proposal.*
- *Format is less structured and simpler.*
- *Writing style is usually more personal with less jargon and fewer technical terms.*
- *There is more opportunity for describing creative solutions.*
- *Final proposal package should be simple and neat—not expensive looking.*
- *There is usually no score sheet or point system to evaluate the proposal.*

Bilateral/multilateral proposals

- *There is usually very little contact with the donor prior to submitting the proposal.*
- *Specific formats are requested that need to be followed.*
- *Writing style is more technical and content is often driven by the agency's agenda.*
- *Programs are described in terms of specific targets of the agency.*
- *Proposal package is clearly outlined by the funder.*
- *Evaluation of the proposal is usually based on a score sheet and point system.*

Before writing the proposal

Good proposals will not get a bad project funded. The quality of the idea is crucial. Thoughtful planning must precede proposal writing. The management, staff, and in some cases, members of the board of directors, should develop a project plan and seek the support of staff and beneficiaries. This plan can then be used to outline the proposal.

Make preliminary contact with your potential donor, preferably through a phone call or personal visit. Be prepared to talk about the project and anticipate any questions the potential donor might have about the inquiry. Issue an invitation to visit your RHO or to meet with staff or board members. Ask for the organization's annual report, funding guidelines, and application form. Find out as much information as possible about deadlines. Donors typically have funding cycles. There are deadlines for the submission of proposals and a timetable of review, approval, and release of funds. Failure to heed this cycle can result in rejection of the proposal simply because all funds for the year have already been allocated, or because the deadline for proposal submissions has just passed.

Shortlisting proposal ideas

Ideas worth developing into proposals should:

- *Fit within the mission of the agency*
- *Address aspects of community need*
- *Have a well-defined target group*
- *Excite the executive director of the RHO*
- *Focus on services the clients use, like, and “buy”*
- *Meet the needs of the funding agency*
- *Enhance/support future agency development*

Proposal Writing. Coley, S.M., and C.A. Scheinberg. (Sage Publications, 1990).

Decide who should write the proposal. In some large organizations there are professional “grant writers” on staff. Unfortunately, this often leads to proposals that fail to show any real understanding of the problem or the organization. The most effective proposal writers are staff, the board of directors, trainers, and association members—anyone who has have been involved in the strategic planning process and organizational assessment of your RHO. Select one individual to be responsible for the writing—someone with good written communication skills—and a team of people to review the proposal. The “team leader” of the proposal writing should be a facilitator, with access to the donor, the decision-makers in your RHO, and the beneficiaries of the program.

The “Credibility File”

- *Resumes of staff*
- *Letters of support from donors, community leaders, government officials*
- *Any publicity about the organization, i.e., newspaper articles, flyers, newsletters*
- *Financial statements*
- *Brochures*
- *Literature supporting the value of the RHO’s work*
- *Copies of publications by staff*

Before you begin to write, gather the following information. It will make the job of writing easier:

- ✦ **Donor profile.** Review the profile of the donor. Identify the connections between your RHO and the donor. Find out what the donor’s requirements are.
- ✦ **The selling points.** Outline a few key reasons why the work you are doing is important and why the donor should support it.
- ✦ **Credibility of your organization.** Collect any articles, statements of support, and references from others that illustrate the importance of your work.
- ✦ **Facts and figures about your work.** Compile statistics and information that shows the extent of the need, the value of your work, and the success of the methods you are proposing. Collect annual reports, brochures, and other information that enhances your case for support.
- ✦ **Plan and budget for your project.** Outline a simple project plan. Make sure it is clear what you intend to do, how you intend to do it, and when and what the benefits will be. Put together a rough budget.

Large foundations and government agencies will often provide an example of the “scoring sheet” they use for assessing the merits of the proposal. This will help you decide some of the aspects to emphasize in your proposal.

Writing the proposal

When you actually get down to writing the proposal it is advisable to do it in stages. For example:

- ✦ **Make detailed notes.** Start by making detailed notes on each component of the proposal using the questions at the end of each proposal section heading (below) as a guide. Short descriptive phrases are sufficient at this stage. Go through the whole proposal in this way.
- ✦ **Summarize the information.** Once you have completed these notes, summarize this information. Highlight the main points in each component of the proposal.
- ✦ **Write the detailed narrative.** Use this summary to structure a detailed narrative leading to the final proposal.
- ✦ **Review the proposal.** When the proposal is complete, review it using the checklist in Annex 12.

As you are writing, bear in mind that the donors are looking for:

- ✦ A **proposal** which is written concisely, accurately, and without jargon, has a clear logic, and follows any specific guidelines the donor provides.
- ✦ A **project** that addresses an important problem, is realistic and cost-effective, and is compatible with donor priorities and requirements.
- ✦ An **organization** with a track record of sound and effective management, competent and professional staff, and funding from other sources.

The content of the proposal

This section describes the structure and content for a standard full proposal. It provides an overview of each section of the proposal followed by several questions to help you think about information to include in your RHO's proposal. Investing time in preparing a proposal is worthwhile. A poorly organized and poorly written proposal could seriously jeopardize your chances of receiving funding even for a good project.

Executive summary

The executive summary is a **“sales” document** designed to convince the donor to consider supporting the project.

This is the most important section of the entire proposal. It should summarize the key information—the problem or need your organization has identified, the proposed solution (including what will take place, for how long, and who will staff it), and the amount of funding required for the project. The financial request itself must be clearly stated. The history, purpose, and activities of your RHO and its capacity to carry out the project should also be mentioned. **Write this section after completing the rest of the proposal.**

Introduction

The purpose of this section is to **establish the credibility of the organization**.

It should include an organizational history, future plans, and the statement of your mission (see Chapter 8). This statement should highlight the extent to which you and the donor share a vision of what needs to be done, and what can be done, to address problems of mutual concern. Provide information to convince the donor that your RHO is capable of managing and implementing the proposed project. Draw on the results of your organizational diagnosis (see Chapter 8) to identify and highlight your organizational assets.

Proposal contents

Most proposals will include the following sections:

- *Summary*
- *Introduction*
- *Needs assessment*
- *Goals and objectives*
- *Strategies and activities*
- *Monitoring and evaluation*
- *Sustainability*
- *Budget*

A poorly-written proposal could jeopardize your chances of having a good project funded.

This is the first major section of the proposal and should be interesting and easy to read. Organizational structure and a list of past projects should be included, but as annexes, not in the narrative. This section, with a few minor changes, can often be used for other proposals.

- ✦ What is the history and mission of your organization?
- ✦ Where does your organization work? What population(s) does it serve?
- ✦ What programs does it manage? Which are most successful? Which programs have not been successful?
- ✦ What are your current sources of support?
- ✦ What does your organization expect to be doing five years from now?

Problem statement/needs assessment

In this section, the goal is ***to enable the donor to understand the problem that your organization is trying to solve and give the donor reasons for believing that funding is worthwhile.***

Document the problem with facts and statistics—you want to prove that the problem exists. Concentrate on the intended beneficiaries of the project, not the organization's needs. Make a logical connection between the problem and needs you outlined and the organization's mission and activities.

- ✦ What are the characteristics, backgrounds, environments, and problems of the clients you wish to serve? Use research findings, expert opinions, and your own experience.
- ✦ What are the causes of the problems you seek to address? Are they related to any other problems?
- ✦ Why are your proposed clients blocked from solving their problem(s)?
- ✦ What will be the impact on the clients and their community if this problem is not addressed?
- ✦ What other organizations—public or private—are addressing these or related problems?
- ✦ What is the most promising strategy for addressing these problems?

Goals and objectives

Now that you have identified the need, this section should address the following question: ***What difference does your RHO hope to see by implementing the project?***

This should be expressed both in terms of broad goals and specific objectives. Program goals—the *intended end result of the change being*

undertaken—can often be extracted from mission statements. The objectives—*measurable, time-specific results that the organization expects to accomplish as a part of the program*—should be phrased in such terms such as “to reduce,” “to expand,” “to decrease,” or “to increase” the outcome X. Include reference to the specific population being served. Do not describe the methods here.

Goals:

- ✦ What ideal conditions will exist if you eliminate, prevent, or improve the situation?
- ✦ What is the overall, long-term condition desired for your proposed clients?

Objectives:

- ✦ What groups/clients will this intervention or service reach? How many?
- ✦ What will the intervention/service change (e.g., knowledge, behavior, skills, conditions)? What are the expected benefits or results?
- ✦ When? What is the time frame for the intervention and its measurable outcome?

Strategies and activities

You have now discussed who you are (Introduction), the problem you want to address (Problem Statement), and what you intend to do about the problem (Goals and Objectives). Now you need to explain how you will bring about these results.

You want ***to persuade the donor that your strategies and activities will accomplish the objectives***. Use your organizational analysis to provide the donor *with a persuasive, program-based rationale* for the additional resources you require.

For major projects or proposals, especially those directed toward companies, you may want to convince them of the value of your approach, demonstrating that providing family planning and other reproductive health services could save a company money by limiting employee absences and maternity leave.

- ✦ What is unique or innovative about the approach you propose to implement? How does it differ from what has been done in the past or what others are doing now? Use research findings, expert opinions, and your own past experience.
- ✦ What services will be offered to the intended clients? How do these activities relate to your current activities? Demonstrate that you have the capacity to carry out the services.

- ✦ Where will the project be located?
- ✦ Will special materials be needed? Developed? (e.g., training manuals) Will they need to be tested?
- ✦ Are there special equipment needs? How will these be funded?
- ✦ Will other organizations be involved with this proposed intervention? How?
- ✦ How is the community involved in this intervention? Has it participated in the development of this proposal?
- ✦ How will the activities be managed? What staffing will be required? How will they be organized (i.e., the project structure)?

Monitoring and evaluation

A monitoring and evaluation plan must be built into the project.

Many organizations make the mistake of devising an evaluation plan that is only implemented after the project is over. **Monitoring** involves *on-going assessment of the progress being made while the project is being implemented*. The emphasis is usually on intermediate outcomes and process. **Evaluations** are a *one-time assessment of the impact and effectiveness of the completed project*. The emphasis is on final outcomes linked to stated goals and objectives.

- ✦ How will the project activities be tracked? Will there be a baseline study? Periodic follow-ups? How will they be managed?
- ✦ What types of data will be collected? How often will they be collected? What method will be used?
- ✦ What reports will be generated? How frequently? For whom, and for what purpose?
- ✦ Who will monitor/evaluate the project activities?

Sustainability

In this section, you need to answer the question—**Where will the funds come from in the future?**

This is the last narrative section of the proposal and is important to donors. They want to know that the project has a good chance of continuing until it has achieved its goals. Avoid vague statements such as “a variety of funding sources will be approached.” Include specifics of donor grants, user fees, individual contributions—any likely funding you have identified.

- ✦ Do you plan to continue this proposed intervention beyond the initial period of funding? If so, how do you plan to fund it?

Budget

The budget is a key element in a successful proposal. It documents how the activity will be financed. Use Annex 13 and the questions at the end of this section to prepare your budget.

The budget should follow the narrative description of the program so that the donor can understand the link between the finances and the planned activities. An RHO seeking operating or general support should submit a budget for the whole agency. An RHO seeking funding for a specific project should develop a budget that shows the expenses and revenue for that project. Clearly identify which funds your RHO is seeking from this donor, particularly if the organization is approaching several donors for support. Annex 14 provides a worksheet for evaluating your budget and preparing your budget justification.

If the donor requests a specific format, be sure to follow its guidelines.

Create an accurate and realistic budget. Be prepared to do what you say you will do. Include **all** costs that involve spending money. Don't forget administration—some portion of office operations, and factor in the cost of space, utilities, telephone, postage, and staff time.

Typical documentation in proposals for loan financing

Historical financial statements (3 years)

- *Balance sheet*
- *Income statement*
- *Cash flow*

Projected pro forma financial statements (3 years) for best-, medium-, and worst-case scenarios

- *Balance sheet*
- *Income statement*
- *Cash flow*
- *Break-even analysis*

Completed business plan that includes:

- *Proposed capital needs and uses, proposed terms, and collateral*
- *Market research and marketing plan*
- *Anticipated social and economic impact of project*
- *Key risk factors*
- *Proposed project structure*

Feasibility assessment by outside consultants

Charter, by-laws, articles of incorporation, and other relevant legal documents

Express your thanks to donors for considering your proposal, even if they do not fund it.

Avoid the temptation to make the proposal more attractive by understating costs. Failing to secure sufficient funds may spell disaster for your project. And, it does not make a good impression on donors if you have to go back for more funding. Be careful when using last year's costs to create the new budget—allow something for inflation.

Avoid breaking down line items into too much detail. This will limit the flexibility in using the money allocated since most donors require that the recipient spend the funds exactly as indicated in the budget. Too much detail also makes it difficult to disguise padding that may be necessary if the donor does not permit an item for contingency funds to cover unexpected items.

Have a thorough understanding of what is and is not included in each budget item and how essential these are to the success of the program. This puts you in a better position to negotiate, and helps you to avoid agreeing to cuts that could seriously undermine your objectives.

- ✦ What types of staff will you need?
- ✦ What supplies/materials will you need?
- ✦ What equipment will you need?
- ✦ What facilities will you need/occupy?
- ✦ What materials will you be printing?
- ✦ What conferences/meetings/workshops will be conducted?
- ✦ What travel needs will there be?
- ✦ What operating costs do you anticipate (e.g., rent, communications, insurance, etc.)?

Annexes

Attach the following to your proposal: annual budget and report of your organization, audited financial statements, legal or tax status documentation, and letters of support.

After submitting the proposal

Follow up with the funders after sending off the proposal. An e-mail or phone call to the contact person is often the best option. (However, some donors request that you not make telephone contact, and this request should be respected.)

Confirm that the proposal has been received and ask if the donor has any questions. Find out when decisions will be made and how you will be notified. If appropriate, invite the potential donor to visit the organization or to attend a special event.

Donors should be kept up-to-date on any new funding that your RHO receives while the potential grant is being reviewed. They should also be informed of any significant changes to the organization.

When you hear from the donor, acknowledge the response. Even if the donor declined to contribute to your organization, be sure to express your thanks for considering your proposal. This keeps the lines of communication open for possible future approaches for support.

If the proposal gets funded

If you get funding, a thank-you letter should be sent immediately to acknowledge the value of the donor's contribution. Corporations often expect to be thanked in a public way, either at an event or a board meeting. They also expect regular progress reports. Many small foundations do not have specific reporting requirements, but they should still be informed of the project's progress through a letter or simple report.

Government donors clearly outline the manner in which they want the RHO to follow-up. Most large foundations and multi-lateral and bilateral agencies demand periodic reporting to justify to their constituents the support they are providing. Timely and accurate reports assist them in this task. Donors may be reluctant to provide further funding to an organization that is habitually late with reports.

Preparation of reports requires an information system that produces the necessary data in an accurate and appropriately consolidated form, and the time of someone to analyze the data and write the report. The less time the analyst has to spend on producing tables, the more time s/he can devote to analysis and interpretation. A well-designed information system will produce preformatted tables each month.

Many donors also require financial audits, particularly if large sums are entrusted to the organization. These audits allow donors to judge whether, at the very least, the accounting systems are functioning correctly and may even point to general managerial deficiencies. Audits are usually contracted out to qualified professional accounting firms and this can be expensive. Any request for funding should be sure to include in the proposed budget the resources required to prepare reports and audits.

Perhaps most important of all is to do a good job with the resources you have been given. Be sure to give the donors what they want and what you have agreed to provide. Keep your end of the bargain.

Be sure to give donors what you have agreed to provide. Keep your end of the bargain.

Resources

Program Planning and Proposal Writing. Norton Kiritz. (Los Angeles: The Grantmanship Center, 1980).

Proposal Writing. S.M. Coley and C.A. Scheinberg. (Thousand Oaks: Sage Publications, 1990).

Winning Grants Step by Step. Mimi Carlson. (San Francisco: Jossey-Bass, 1995).

Writing Better Fundraising Applications. Michael Norton and Michael Eastwood. (London: Directory of Social Change, 1997).

Publications and Tools

The Budget-Building Book for Nonprofits—A Step-by-Step Guide for Managers and Boards, by Murray Dropkin and Bill LaTouche. Jossey-Bass, Inc., 1998. This manual outlines the budget-making process, paying careful attention to nonprofits' specific circumstances and concerns. It is divided into two sections: a narrative section, which defines terms and explains how budgets are developed; and an appendix of budget worksheets and forms. To order the book, visit the website www.josseybass.com. Order over the phone by calling the U.S. toll-free phone number, 888-378-2537 or by faxing 800-605-2665. Discounts are only available for bulk quantities.

Beyond the Annual Campaign, by Kristin Majeska. Katalysis North/South Development Partnership, 1994. ***Perfecting the Alliance***, by Dennis Macray. Katalysis North/South Development Partnership, 1994. These simple reports, written in sequence, are primarily for intermediary organizations and their partner NGOs. Although much of the discussion relates to Northern organizations, the purpose of each report is to find ways to financially support viable and sustainable partnerships. The publications include fundraising methods, income generating ideas, advice for working with board of directors, and an introduction to partnering opportunities. To order copies, contact Katalysis North/South Development Partnerships, 1331 N. Commerce Street, Stockton, CA 95202, USA. Telephone: 209-943-6165 or fax: 209-943-7046.

Community Financing. PRICOR Monograph Series: Issues Paper 1, by Sharon S. Russell and Jack Reynolds, 1985. This publication is one technical handbook in a series that looks at the issues surrounding community financing of health services (cost-sharing). This volume suggests operations research methods for examining community financing. To obtain a copy, contact Primary Health Care Operations Research (PRICOR), Center for Human Services, 7200 Wisconsin Avenue, Bethesda, MD 20814, USA.

CORE: A Tool for Cost and Revenue Analysis, published by Management Sciences for Health, 1998. This is a hands-on guide that managers of health and family planning organizations can use to improve the efficiency and financial viability of their services. It comes with a diskette that contains three spreadsheets that can be used to analyze and compare costs and revenues among facilities within the same organization. The program requires an IBM-compatible computer with Microsoft Excel (Version 5.0 or higher) or a program that can read Excel files. To order, contact Management Sciences for Health, Inc., 891 Centre Street, Boston, MA 02130-1363, USA or e-mail: CORE@msh.org

Corporate Communication, by Paul A. Argenti. New York: Irwin McGraw-Hill, 1998. This publication provides a broad discussion of the principles and methods an organization can use to develop and manage a coherent communications strategy for reaching both internal and external audiences. Although written for private sector for-profit business managers, the discussions of developing corporate communications strategies and of managing corporate image, identity, and reputation can be useful to any organization. To order the book, contact the publisher, McGraw-Hill Companies, P.O. Box 182605, Columbus, OH 43218-2605, USA, call 800-262-4729, fax 614-759-3644, or visit their website, www.mhhe.com/info/custordr.mhtml

Cost-Effectiveness Analysis. PRICOR Monograph Series: Issues Paper 2, by Jack Reynolds and K.C. Gaspari, 1985. This publication is one technical handbook in a series that examines community financing issues. This book specifically addresses principles of cost-effectiveness analysis and guidelines for conducting cost-effectiveness analysis. To obtain a copy, contact Primary Health Care Operations Research (PRICOR), Center for Human Services, 7200 Wisconsin Avenue, Bethesda, MD 20814, USA.

Designing a Family Planning User Fee System: A Handbook for Program Managers, revised edition, by Laurence M. Day. SEATS, 1993. This handbook presents ten steps for designing or redesigning a family planning user fee system including: setting a cost recovery target, establishing prices, developing a waiver system, estimating utilization and revenues, determining methods for payment of fees, managing fees collected, determining percentage of fees to remain on site, planning priority activities for which revenues will be used, and monitoring and evaluating the performance of the user fee system. It includes worksheets for each step. To obtain a copy, contact JSI Library, 1616 North Fort Myer Drive, 11th Floor, Arlington, VA 22209, USA, or visit the project website: www.seats.jsi.com

Directory of Social Change Publications List, DSC Books. Published quarterly. This catalog lists more than eighty publications relating to nonprofit fundraising. The publications include guides to general and specialized fundraising techniques, reference volumes, legal manuals, and reports. To sign up for their free mailings, which occur seven times a year, fax your name (or organization's name) and address to (UK #) 0171 209 4130 requesting the publications list.

Effective Fund Raising, by Leslie Brody. Copley Publishing Group, 1994. This workbook is designed for nonprofit organizations that are just beginning to approach fundraising from the community. It focuses on using volunteer committees and boards of directors to first plan for fundraising and describes the planning and implementation of simple fundraising activities, such as annual appeals, special events, and approaching businesses. The workbook contains forms that are intended

to be reproduced and guides the user step-by-step through each activity. Some of the discussion may not be appropriate for NGOs, but overall, it can be helpful. To order the book, visit the Foundation Center website www.fdncenter.org or contact the Foundation Center, 79 Fifth Avenue, New York, NY 10003, USA.

Effective Public Relations (8th edition), Scott M. Cutlip, Allen H. Center, and Glen M. Broom. Englewood Cliffs, NJ: Prentice-Hall, Inc., 1999. This textbook is widely regarded as the single most authoritative and complete reference for public relations professionals. It provides a comprehensive introduction to the concepts, theory, principles, management, and practice of public relations in a variety of settings. To order the book, contact the publisher, Prentice-Hall, Inc., Upper Saddle River, NJ 07458, USA, or visit their website, www.prehall.com

Endowments as a Tool for Financial Sustainability: A Manual for NGOs. Arlington, VA: The Profit Project, 1993. This publication is intended primarily for established, well-developed, non-governmental organizations, but any NGO may find it helpful in deciding whether pursuing endowment funds is a worthwhile investment of time. It explains what an endowment is, and provides general guidelines on how to start and operate an endowment. To order this guide, contact USAID's Development Experience Clearinghouse, 1611 N. Kent Street, #200, Arlington, VA 22209, USA, call 703-351-4006, fax 703-351-4039, e-mail: docorder@dec.cdie.org, or visit their website, www.dec.org/order. Order number: PN-ABQ-748. Cost: US\$4.29 (paper), US\$1.25 (microfiche).

Enterprise in the Nonprofit Sector, by James C. Crimmins and Mary Keil. Partners for Livable Places and the Rockefeller Brothers Fund, 1983. This book looks at the decline in government funding and other traditional funding sources, and states that this should encourage nonprofit organizations to develop "businesslike management practices" to support their work. The authors survey the state of entrepreneurship within nonprofit organizations by combining quantitative research with 11 in-depth case studies. The book concludes with two chapters providing suggestions for the evaluation of entrepreneurship within an organization and recommendations for improving the climate for enterprise. To obtain a copy of this book, contact Partners for Livable Places, 1429 21st Street, NW, Washington, DC 20036, USA. Tel: 202-887-5990.

Essentials of Health Care Marketing, by Eric N. Berkowitz. Gaithersburg, MD: Aspen Publishers, Inc., 1996. This textbook discusses the essential principles and concepts of marketing as they apply to health care organizations from both a traditional fee-for-service approach and a managed care framework. Although its examples are limited to the U.S. health sector, its presentation of the essential aspects

of health care marketing can be useful in other settings. To order the book, contact the publisher, Aspen Publishers, Inc., 7201 McKinney Circle, Frederick, MD 27104, USA, call 1-800-317-3113, fax 1-800-901-9075, or visit their website, www.aspenpub.com

The Family Planning Manager's Electronic Resource Center (ERC), Management Sciences for Health. This is an electronic information and communications service for family planning and health professionals. The ERC takes advantage of e-mail and Internet technology to provide health and family planning professionals with an opportunity to take part in a global electronic community. The ERC allows members to communicate with each other and to access the latest management information and tools for improving health and family planning programs around the world. A more in-depth description is included with the website descriptions in the next section. To access the ERC, visit the following website: <http://erc.msh.org>, or send an e-mail to erc@msh.org

Family Planning Manager's Handbook: Basic Skills and Tools for Managing Family Planning Programs, James A. Wolff, Linda J. Suttentfield, and Susanna C. Binzen. West Hartford, CT: Kumarian Press, Inc., 1991. This management text is a practical guide written specifically for family planning program managers. It provides information on planning, coordination, staffing, supervision, training, management information, contraceptive logistics, financial information, and program sustainability. It is available in several languages. To obtain a copy of the handbook, contact Management Sciences for Health, 400 Centre Street, Newton, MA 02158-2084, USA; e-mail: fpmdpubs@msh.org; website: www.msh.org

Financer L'Avenir – Ressources pour la Sante de l'Adolescence. Programmes dans les Pays en Developpement. Advocates for Youth, 1996. This directory lists forty-seven foundations and aid organizations offering funding to programs focused on adolescent health. It includes an appendix offering suggestions for successful grant applications, as well as a short bibliography. This and other publications (many offered free to organizations in developing countries) can be obtained by contacting: Advocates for Youth, Suite 200, 1025 Vermont Avenue, NW, Washington, DC 20005, USA. Tel: 202-347-5700; Fax: 202-347-2263.

Grants from Europe: How to Get Money and Influence Policy, by Ann Davison. The Directory of Social Change, 1997. This edition gives up-to-date information on key contacts in Brussels and the UK, including addresses, telephone, and fax numbers; how to apply for grants and assess the chances for success; and what problems to expect along the way. To obtain a copy, contact the Directory of Social Change (Publications), 24 Stephenson Way, London NW1 2DP, UK. Fax: 0171-209-5049; e-mail: info@d-s-c.demon.co.uk

Guide to European Population Assistance. Deutsche Stiftung Weltbevölkerung, 1999. This directory profiles European grant providers who offer population assistance to governmental and non-governmental projects. It includes a country index, a general subject index, and a list of important addresses worldwide. To order a copy, fax your address, requesting the Guide, to this number in Germany: 49-511-9-43-73-73 or e-mail: guide@EuroNGOs.org

A Guide to European Union Funding, by Peter Sluiter and Laurence Wattier. The Directory of Social Change, 1999. This handbook explores the complexities of funding procedures for those attempting to raise money from the European Union. It gives an overview of EU activities and budgets relevant to the voluntary sector. In addition, it details contact information and procedures of EU institutions and offers advice on making the right approach. To obtain a copy, contact the Directory of Social Change (Publications), 24 Stephenson Way, London NW1 2DP, UK. Fax: 0171-209-5049; e-mail: info@d-s-c.demon.co.uk

Integrating Reproductive Health into NGO Programs. Volume 1: Family Planning, by Joyce V. Lyons and Jenny A. Huddart. Family Planning Service Expansion and Technical Support (SEATS) Project, 1997. This handbook is designed for NGOs that are interested in exploring opportunities to integrate family planning services into their existing activities. It focuses on the unique aspects of family planning programs that are key to successful implementation of these programs. Of particular interest may be some of the annexes of this guide, which include discussions of basic principles of fundraising and preparing a project proposal. The guide also includes an annotated bibliography of publications on several subjects, including management and finance. To obtain a copy, contact JSI Library, 1616 North Fort Myer Drive, 11th Floor, Arlington, VA 22209, USA, or visit the project website, www.seats.jsi.com

Issues in Cost Recovery, J. Holley, M. Huff-Rouselle, and A. De Matos. Social Sectors Development Strategies, Inc., 1998. This paper reviews key “lessons learned” to date from various approaches that require full or partial payments by patients to help cover the costs of providing the health care services they receive. The review covers the reasons for pursuing a cost recovery approach to service provision, the goods and services to charge for, pricing, cost recovery’s relationship with quality and its effects on utilization and equity, and administrative and accounting issues. To obtain a copy, contact: SSDS, Inc., 464 Shawmut Avenue, Boston, MA 02118, USA; call 617-421-9644 or fax 617-421-9046.

Issues in the Financing of Family Planning Services in Sub-Saharan Africa, by Barbara Janowitz, Diana Measham, and Caroline West. Family Health International (FHI), 1999. This publication provides an analysis of the issues involved in financing family planning programs.

It examines the gap between necessary and available funds, discusses charging for family planning services, expanding the commercial sector, and the cost of services. To obtain a copy of this publication, contact Publications Coordinator, FHI, PO Box 13950, Research Triangle Park, NC 27709, USA.

Leveraging: Mobilizing and Diversifying Resources for Reproductive Health Workshop. These are workshop materials (Facilitator's Guide and Participant's Workbook) available from the Family Planning Service Expansion and Technical Support (SEATS) Project. The workshop was held in March 1999. Topics covered include (but are not limited to): marketing orientation, organizational and environmental assessment, sources and means of leverage, cost control and savings, individual fees for products and services, fees and contracts for program goods and services, grants, loans, mobilizing volunteers, and developing funding proposals. To obtain a copy, contact JSI Library, 1616 North Fort Myer Drive, 11th Floor, Arlington, VA 22209, USA, or visit the project website, www.seats.jsi.com

Managing for Profit in the Nonprofit World, by Paul Firstenberg. The Foundation Center, 1986. This book, although an older publication, contains a good overview of managing a nonprofit or NGO as one would run a business. It stresses the importance of professional management and entrepreneurial vision as well as analysis of specific managerial functions and processes. Although it does not contain exercises, Firstenberg presents solid business concepts from the perspective of the nonprofit organization. To order the book, visit the Foundation Center website www.fdncenter.org or contact the Foundation Center, 79 Fifth Avenue, New York, NY 10003, USA.

Methods for Costing Family Planning Services, by Barbara Janowitz and John Bratt. Family Health International (FHI), 1994. This manual is a guide to the uses, frameworks, and fundamentals of cost analysis, and explains how to conduct a cost analysis in both clinic and non-clinic settings. It also explains how to convert cost into cost per couple-year of protection and gives applications for costing. For a copy of this publication, contact FHI, PO Box 13950, Research Triangle Park, NC 27709, USA.

NGO Funding Strategies, An Introduction for Southern and Eastern NGOs, by Jon Bennett and Sara Gibbs. INTRAC Publications, 1996. This publication is one of the few books written specifically for NGOs and it presents organizational and resource development from the perspective of the NGO community. Jointly produced by the International NGO Training and Research Centre (INTRAC) and the International Council of Voluntary Agencies (ICVA), this short book focuses on shifting from project mode to organizational mode and offers an overview of the current funding situation facing emerging NGOs. It includes an excellent chapter on sources of funding and presents the

information in a clear and simple manner. The appendix contains a list of NGO support organizations. To order a copy, contact INTRAC Publications, P.O. Box 563, Oxford OX2 6RZ, UK. Telephone: 01865-201562 or Fax: 01865-201852.

Program Planning and Proposal Writing, The Grantmanship Center Reprint Series, by Norton J. Kiritz, The Grantmanship Center, Los Angeles, CA, 1980. The Center, in conjunction with its training program, uses this article, and it is one of the best resources for proposal writing available today. The components of the proposal are each briefly discussed with both good and bad examples included. This reprint is very useful for introducing staff and board members to proposal development. It is available from the Grantmanship Center, Department DD, P.O. Box 17220, Los Angeles, CA 90017, USA, or by calling 213-482-9860.

Saving Money in Nonprofit Organizations, by Gregory J. Dabel. Jossey-Bass, Inc. 1998. This book can help a nonprofit organization become more financially sound through exercises such as effectively balancing budgets, negotiating the best possible price with vendors, and developing long- and short-term strategies for expense reduction. Although not specifically targeted at developing country nonprofit organizations, it contains useful advice on financial management. To order the book, visit the website: www.josseybass.com. Order the book directly over the phone by calling the U.S. toll-free phone number, 888-378-2537 or by faxing 800-605-2665. Discounts are only available for bulk quantities.

Securing Your Organization's Future, by Michael Seltzer. The Foundation Center, 1987. This handbook is designed for all organizations that are involved in fundraising. The first section covers many of the organizational issues that precede successful fundraising, such as mission statement, building a board of directors, and developing realistic budgets. The second section, which is the most helpful for NGOs, discusses approaching individuals and institutions for support. The third section presents ways to help choose the funding mix and develop overall fundraising plans. It includes examples and case studies of U.S.-based organizations and successful fundraising initiatives. To order the book, visit the Foundation Center website www.fdncenter.org or contact the Foundation Center, 79 Fifth Avenue, New York, NY 10003, USA.

Social Marketing: Strategies for Changing Public Behavior, by Philip Kotler and Eduardo Roberto. New York: The Free Press, 1989. This was one of the first book-length discussions of marketing as a social change management technology. It provides a good introduction to the social marketing approach to social change, mapping and analyzing the social marketing environment, and developing and managing social marketing programs. The discussion draws on examples and experience

with family and reproductive health programs in a variety of international settings. To order the book, contact the publisher, Simon & Schuster, Attn: Dino Battista, 1230 Avenue of the Americas, New York, NY 10020 USA, call 1-800-32307445, or visit their website, www.simonsays.com/academic_professional/ordering.cfm

Strategic Marketing for Nonprofit Organizations (5th edition), by Philip Kotler and Alan Andreasen. Englewood Cliffs, NJ: Prentice Hall, 1995. This textbook provides a comprehensive discussion of marketing principles as they apply to the unique needs of both public and private nonprofit organizations. Its discussion covers developing a customer-oriented organization, strategic planning, developing and organizing resources, designing the marketing mix, and evaluating and controlling marketing strategies. Many of its examples are drawn from international settings. The book assumes that the reader will already have some familiarity with marketing principles. To order the book, contact the publisher, Prentice-Hall, Inc., Upper Saddle River, NJ 07458, USA, or visit their website, www.prenhall.com

Successful Business Ventures for Non-Profit Organizations, by Charles Cagnon. The Northern Rockies Action Group, 1982. This study analyzes the efforts of nonprofit organizations to generate income through business ventures. The majority of such undertakings, Cagnon claims, do not fare well, as they suffer from biases against business practices, lack of financial skills, under-capitalization, under-estimating financial risk, and poor business planning. Nonetheless, he concedes that current economic and political dynamics are pushing many nonprofits to seek some financial stability from commercial ventures. He outlines the types of business which nonprofits can establish and offers advice for successful implementation. To order, contact Public Service Materials Center, Inc., 111 N. Central Avenue, Hartsdale, NY 10530, USA.

The Third World Directory 1997/98, by Lucy Stubbs. The Directory of Social Change, London. This directory includes data on more than 200 organizations based in the UK that work in development, and approximately 100 trusts who fund development work. It also includes information on cash available from the National Lottery Charities Board and the DFID, articles on subjects such as campaigning and education, and information on volunteer opportunities in the UK and overseas. To obtain a copy, contact the Directory of Social Change (Publications), 24 Stephenson Way, London NW1 2DP, UK. Fax: 0171-209-5049; e-mail: info@d-s-c.demon.co.uk

Towards Greater Financial Autonomy—A Manual on Financing Strategies and Techniques for Development NGOs and Community Organizations, by Fernand Vincent and Piers Campbell. Development Innovations and Networks, 1989. This publication is designed to help NGOs serving communities in the developing world achieve

greater financial autonomy. It is divided into five sections: 1) a guide to carrying out a preliminary audit of the organization and to developing a strategic financial plan; 2) a description of models for alternative funding sources; 3) a list of techniques useful for establishing financial stability; 4) a description of traditional funding sources and suggestions for improving their effectiveness; and 5) an explanation of sound financial management practices. A copy can be purchased at Intermediate Technology, 103-105 South Hampton Row, London WC1B 4HH, UK, phone: 0171-436-9761, fax: 0171-436-2013, e-mail: itpubs@itpubs.org.uk

U.S. Foundations: A Review of International Funding Priorities, by Diane E. Ray and Adrean E. Scheid. USAID/ANE Bureau, 2000. This document outlines the funding priorities of U.S. foundations operating in the Asia and Near East Region of the world as of January 2000. Data for 56 U.S. foundations that fund international programs are included in this study. With a few exceptions, the foundations represented gave at least US\$1,000,000 in grants in the year before the study. The findings indicate that funding in the region is concentrated in the Democracy and Governance, and Population, Health, and Nutrition sectors. This document is available on the Internet and can be downloaded from: http://www.dec.org/pdf_docs/pnacg896.pdf/

User Fees for Sustainable Family Planning Services: Background Discussion for the Handbook for Program Managers, revised edition, by Laurence M. Day. Family Planning Service Expansion & Technical Support Project (SEATS), 1993. This publication provides an overview of the issues involved in implementing a user fee system, including its impact on utilization, the importance of quality, and the contextual factors that must be considered. To obtain a copy, contact JSI Library, 1616 North Fort Myer Drive, 11th Floor, Arlington, VA 22209, USA or visit the project website, www.jsi.com/intl/seats

Using Simple Survey Techniques to Set Prices for Social Marketing Products, by Karen Foreit. The FUTURES Group International, 1998. This paper presents a relatively simple and low-cost approach to determining client willingness to pay for health services at different price levels. It includes three country applications of this willingness to pay survey methodology—Ghana, Pakistan, and Ecuador. To obtain a copy of this paper, contact the Librarian, The FUTURES Group International, 1050 17th Street, NW, Suite 1000, Washington, DC 20036, USA; fax 202-775-9694.

The Worldwide Fundraiser's Handbook—A Guide to Fundraising for Southern NGOs and Voluntary Organisations, by Michael Norton. International Fund Raising Group, 1998. This handbook aims to help Southern NGOs improve their fundraising capabilities, especially by focusing on local sources of income. Norton provides a comprehensive outline of the fundraising process, from developing a

fundraising strategy to identifying sources of aid; from adopting practical fundraising techniques to improving communication skills. Enlivened by examples of unusually creative fundraising by individual organizations, the text covers a lot of ground in a clear, organized fashion. For copies, contact the Directory of Social Change, 24 Stephenson Way, London NW1 2DP, UK. Tel: 0171 209 5151; Fax: 0171 209 5049; email: info@d-s-c.demon.co.uk

Winning Grants Step by Step, by Mimi Carlson. Jossey-Bass Publishers, San Francisco, CA, 1995. This workbook is designed for organizations that are relatively new to proposal development. It is clearly written and contains worksheets and helpful hints in each of the 11 steps. The first step helps the organization to determine what program or project ideas may be fundable. Steps two through seven take the identified program idea and help develop the idea into an effective proposal. There is also a discussion of putting the package together and following up with funders. An excellent special resource section is included with worksheets for all steps discussed. For a copy of the workbook, visit the Jossey-Bass website, www.josseybass.com. Discounts are available for bulk quantities by calling 415-433-1740 or by fax 800-605-2665.

Writing Better Fundraising Applications, by Michael Norton and Michael Eastwood. The Directory of Social Change, London, 1997. This guide focuses on writing good proposals, as well as the information an organization will need before writing the proposal. Discussions include building credibility, developing fundable ideas, and creating realistic budgets. There are short exercises throughout the text and questions to answer in each chapter. This guide contains many examples of letters and proposals that are evaluated and used to illustrate the key concepts of proposal writing. This guide can be ordered through the Directory of Social Change, 24 Stephenson Way, London, NW12DP, by calling 0171 209 5151 or by sending an e-mail to: info@d-s-c.demon.co.uk

Websites

The Electronic Resource Center (ERC) and Health Manager's Toolkit: (<http://www.erc.msh.org>)

The ERC website is produced by the Family Planning Management Development Project of Management Sciences for Health and is supported by the U.S. Agency for International Development. The site contains a guide to managing for quality; a calendar of events; the health manager's toolkit; a member database; a reading room; and electronic forums for managers of reproductive health programs. It is available in English, Spanish, and French.

The site includes eight management topic areas: Managing Health Policy & Reform, Managing Community Health Services, Managing Information, Managing Human Resources, Keeping Your Organization Sustainable, Managing Your Organization's Finances, Planning for Your Organization, and Managing Clinical Services.

Each of the eight management topic areas includes information organized into four more specific categories: Tools and Techniques, State of the Art, Idea Exchange, and For Email Users. Tools and Techniques features basic concepts and guiding principles for managers regarding the chosen management area. In addition, practical tools are easy to locate and use through the Health Manager's Toolkit, which can be accessed through a link under each management area or from the ERC home page.

The Health Manager's Toolkit is an electronic compendium of management tools designed to help managers of health and family planning programs in several management areas. The tools have been developed by various agencies working around the world in health and family planning.

The tools are organized into the following categories: information management, health policy and reform, financial management, clinical services management, drug and supply management, community health services, human resource management, organizational planning, quality services, and organizational sustainability. Some examples of tools that are accessible through the site in the category of organizational sustainability include: Management Development Assessment, Family Planning Situation Analysis Approach, Guide to Assessing Management Capacity among NGOs, and Management and Organizational Sustainability Tool (MOST).

The site describes the purpose of each tool, its intended users, its advantages, and limitations. For example, the MOST Status Assessment

Instrument's purpose is to help organizations map the development of key management components and use the results for planning improvements and monitoring progress. It includes an instrument and user's guide designed to help perform a management self-assessment, as well as support management improvement strategies in the context of a workshop. MSH developed the tool in 1996-97 for public and nongovernmental organizations. One advantage of the tool is that little training is required to use it, and one limitation is that it is necessary to use it with an organization that welcomes a participatory approach. This particular tool is free to individuals in developing countries; others must pay US\$10. The name and address, as well as an e-mail address, to order the tool are listed on the website. Tools can be accessed and downloaded directly from the site, or ordered from a contact listed on the site.

The type of information described above is available on the website for every tool. Prices and availability of individual tools vary.

Funders Online: (<http://www.fundersonline.org>)

This site is designed to help individuals and organizations find out more about funding information online. The site lets users search online information (Internet sites, publications) to find background information on European funding organizations; helps users decide/locate European grants to apply for; and provides tips for writing proposals. Because there are a lot of links to other Internet sites, as well as a lot of information on this site itself, expect a thorough search and exploration to take between one and three hours.

The benefits of this website can be roughly divided into three parts:

Advice to applicants: The "Grant Seekers" introduction provides useful background information for people applying for grants. It stresses the importance of research and careful matching between an organization's needs and the grant sources; outlines steps to researching grant monies; and provides a link to the European Foundation Center grants database. A "Checklist" provides a series of questions that will guide applicants in sending their applications to suitable funders.

"Proposal Basics" offers advice on how to write an effective grant proposal and includes the essential components of successful proposals.

Search for funders: To search for funding information online, users can conduct a regular or an advanced search, both of which will typically lead to the website of a funding organization. The regular search feature is not very specific, and is useful mainly for doing background research on funding organizations, such as getting to know who they are, what kind of work they do, and what kind of funding

they offer. Under “Advanced Search,” users can specify which professional area and geographic region they are interested in, and thus access much more specific funding information and make good matches with funding organizations.

Resources: Funders Online also offers access to databases, which is another way to search for funds. Use of a database generally works better after the user is familiar with the funding organizations’ missions and their scopes of work. Under “Resources,” there are links to the following databases:

European Foundation Centre Social Economy Library

Orpheus Network Libraries

Directory of Social Change—Charity Centre

Foundation Center—Online Librarian

There are also several publications available online, as well as links to other websites that provide information on funding. The “Links” section provides valuable links to the Internet sites of other organizations, including the World Bank, UN Agencies, and numerous NGOs and nonprofit organizations.

Other services:

Listserv—Funders Online provides a monthly update on funders that is sent out by e-mail. To access this site, click on *whatsnew@fundersonline*.

Website development—Funders Online also provides the service of a “Web Toolkit.” This is a step-by-step guide to designing a website, which can be used by anyone. This could be useful to small development organizations or even individuals who would like to publicize themselves.

Upcoming/Current Events—The “News Room” section contains information on upcoming conferences/events, predominately European, relevant to either grant administration or fundraising. There is a call for a proposals section as well. The “News Room” section seems to be aimed more at funders than applicants, although it is good to check the current request for proposal (RFP) section.

The Foundation Center (<http://www.fdncenter.org>)

The information in this website can be classified in three categories: links to other Internet sites (over 600!); information on American foundation giving; and informational material on grant writing. It is designed to help applicants access online information about grants and foundations. Careful use of this Internet site will provide a lot of information about U.S. foundations and corporations which give money—information that is crucial for finding grants and ensuring that appropriate

applications are submitted to appropriate sources. In addition to helping to locate grants, the site gives advice on how to successfully apply for a grant. In general, this is a good site to learn about American funding organizations, which are more numerous than European ones (although many grants are directed specifically to U.S. organizations).

Links to Other Organizations: Under the “Grantmakers” icon are links to the Internet sites of many foundations. U.S. foundations and corporations are ranked in terms of asset size and amount of money spent on funding in the last fiscal year. To access the websites of funding organizations, click on the “Grantmaker Websites.” Then perform a search to pick which organizations provide funding specific to your RHO’s area of work or geographical region. (Interestingly, Africa is not listed as a geographical region, and only South Africa is in the list of countries. There is, however, a category of “Developing World.”) There is also a “Prospect Worksheet” that can be used to help decide whether that funding is appropriate to your organization.

Information on Foundations: The “Foundation Folder” section provides information on how much money organizations gave to funding. However, it is not necessarily useful for determining how they fund.

Information for Applicants: The section called “Grant Seeker Orientation” is more comprehensive than the information on foundations, as it gives tips about both the background research (deciding where to apply) and the actual grant-writing process. It also provides links to databases that have extensive lists of American organizations that provide funding, and features some standard grant application forms that are common to different regions in the U.S. There are some very useful tips included in these sections. Although the site is geared more to an American audience than an international audience (e.g., asking for internal revenue service tax status or other details that are specific to the U.S.), much of the information is applicable in all cases, and it could be useful to know the American context. For example, it suggests using the active rather than the passive voice in the proposal, and it would be the opposite when applying for a grant in England!

Other Resources: The “Library” section lists selected books on fundraising, nonprofit organizations, and related topics. Limited text, such as the introduction, is provided. Again, much of this is more relevant to American organizations, but it is interesting to see some of the current thinking. Also under “Online Library” is a database of literature related to the nonprofit sector. Searching under such topics as “Africa” or “Public Health” will provide references for relevant articles from a selection of journals.

Current Events: From the home page, click on “Digest” to see a monthly update on articles on philanthropic funding, and, for those seeking funds, a list of request for proposals from subscriber organizations organized by subject heading. A job listing section for U.S. jobs is also included. Users can sign up via e-mail to receive this digest weekly for free.

Organizations

CIVICUS

CIVICUS' purpose is to help nurture the foundation, growth, protection, and resourcing of citizen action throughout the world and especially in areas where participatory democracy, freedom of association of citizens, and their funds for public benefit are threatened.

CIVICUS is an international alliance dedicated to strengthening citizen action and civil society throughout the world. Specifically, CIVICUS seeks to fulfill its mission by serving as:

- ✦ A global alliance of citizens and their organizations, to help advance regional and national agendas of common initiatives to strengthen the capacity of civil society.

CIVICUS is committed to: 1) strengthening the visibility and understanding of civil society; 2) working to develop a more supportive environment of laws, policies, and regulations; 3) developing permanent, self-sustaining, and creative resource mechanisms.

- ✦ An open forum, serving to facilitate and establish cross-sectoral dialogue, exchange information, develop a common understanding and shared identity, solidarity, cooperation, and communication within civil society from various regions, and promote a common vision about the role of civil society.

CIVICUS meets these challenges through a variety of programmatic activities, including:

- ✦ Regional and global meetings;
- ✦ Publications, including the bimonthly newsletter *CIVICUS World*;
- ✦ Special projects on developing the infrastructure of civil society;
- ✦ Networking and partnering efforts with other civil society organizations and global agencies;
- ✦ A growing information clearinghouse.

CIVICUS is a membership association. Its members include nongovernmental organizations, private charities, corporate philanthropic programs, research institutions, and interested individuals from more than 60 countries around the world. For more information, contact: CIVICUS Secretariat, 919 18th Street, NW, 3rd Floor, Washington, DC 20006 USA, tel: 202-331-8518, fax: 202-331-8774, e-mail: info@civicus.org, website: <http://www.civicus.org>

Institute for Development Research

The Institute for Development Research (IDR) is recognized worldwide for its analysis and documentation of existing and emerging issues that organizations working hard to improve the lives of ordinary citizens must address. National and international support providers across Africa and Asia have also seen the fruits of IDR's research become the seeds of innovation—for themselves and their constituents.

IDR's collaborative consultation engages clients and participants from the outset, and encourages innovative results. Its practical, learner-centered training is grounded in a tradition of action-based research and "train the trainers" dissemination. These customized services build local capacity through direct local involvement in four program areas.

- ✦ **Democratic governance/policy advocacy.** Addresses the evolving relationship between the state and civil society. IDR share perspectives and strategies gleaned from experience, develops influencing skills, and positions NGOs as advocates.
- ✦ **Partnerships and alliances.** Stresses the innovative results that emerge from diverse views and resources. IDR presents proven models for partnerships between northern and southern institutions, as well as alliances involving civil society, government, and the private sector.
- ✦ **Institutional development.** Focuses on building the capacity of organizations to build capacity among their constituents. IDR stimulates strategic thinking, disseminates successful management practices, and trains facilitators.
- ✦ **Financial sustainability.** Lays the foundation for long-term results and continued growth of civil society organizations. IDR demonstrates funding strategies and business models that work, and offers practical tools and tactics to spark entrepreneurial thinking.

For more information, contact: Institute for Development Research, Director of Training and Consulting Services, 44 Farnsworth Street, Boston, MA 02210-1211 USA, tel: 617-422-0422, fax: 617-482-0617, e-mail: idr@jsi.com, website: <http://www.jsi.com/idr>

The International Fund Raising Group

The International Fund Raising Group (IFRG) is a non-profit organization dedicated to enabling people in the voluntary sector throughout the world to mobilize resources for their causes by sharing and developing their skills, knowledge, and experience.

IFRG believes that to establish a true partnership is to support local organizations in becoming more self-sufficient. Greater financial independence through diversifying sources of income will reduce

dependence on overseas aid and improve overall capacity and sustainability of local organizations. Generating resources from its own community roots an organization firmly into society, and this support of a local constituency also brings validity, strength, and independence.

IFRG believes that skills and experiences in fundraising and income generation can be shared and that techniques practiced in one part of the world will be successful in another, as long as they are judiciously adapted to local culture and tradition. It therefore advocates that the development of skills in planning resource mobilization programs, and the technical and other skills needed to put the plan into effect, should be seen as an integral part of any capacity building program.

IFRG believes that raising income and other support from domestic sources is essential in building independent and sustainable organizations. IFRG seeks to enable people in the voluntary sector to be more effective, by providing and increasing access to training and education in fundraising and other resource strategies.

For more information, contact: the International Fund Raising Group, 295 Kennington Road, London SE11 4QE, Tel: 44 (0) 171 587 0287, Fax: 44 (0) 171 582 4335, e-mail: contact@ifrg.org.uk, website: <http://www.ifrg.org.uk>

Pact

Pact's mission is to contribute to the growth of civil societies—where citizens acting together can express their interest, exchange information, strive for mutual goals, and influence government.

Pact accomplishes this by targeting efforts on strengthening the community-focused nonprofit sector worldwide and working with strategic partners to identify and implement participatory development approaches at the community level that promote economic, social, and environmental justice.

Pact is a leading facilitator of leadership and organizational development for both nascent and established NGOs, networks, and intermediary organizations in countries in transition and in emerging economies around the world. Through training, technical assistance, mentoring, and direct financial support, Pact strengthens local organizations' capacity to further development goals. At the same time, Pact encourages the establishment of permanent ties to grassroots communities and cooperative but equal relationships with donors, government, and business.

At the heart of Pact's organizational development approach is the concept of teamwork, a natural extension of the two guiding principles that characterize all Pact programs—participation and partnership. Pact's local partners share in Pact's values and demonstrate a strong

commitment to development goals as well as a capacity to grow organizationally. Pact focuses on eight core areas of program excellence:

- ✦ Capacity building
- ✦ Forging coalitions and strategic alliances
- ✦ Building democracies
- ✦ Grants management
- ✦ Strategic communications services
- ✦ Organizational capacity assessment
- ✦ Exit strategies
- ✦ Private sector initiatives

Pact maintains field offices in Africa, Asia, and Latin America and a headquarters office in Washington, DC. For more information, contact: Pact Headquarters, 1901 Pennsylvania Avenue NW, 5th Floor, Washington, DC 20006, USA, tel: 202-466-5666, fax: 202-466-5669, e-mail: pact@pacthq.org, website: <http://www.pactworld.org>

Vibrante International

Vibrante International designs and conducts fundraising training for African NGOs. The high-energy workshops promote self-esteem and personal empowerment which result in tangible change. The trainings emphasize:

- ✦ Promotion of the concept and practice of philanthropy and advocacy within developing countries.
- ✦ Involvement of community businesses and the identification of models for success.
- ✦ Practical application of entrepreneurial techniques.
- ✦ Emphasis on developing alliances with private sector sponsors and partners.
- ✦ Techniques for women's empowerment issues.
- ✦ Exploration of income-generating projects for economic independence.

Vibrante was recently contacted by a PVO, and funded by USAID, to create and conduct a training in fundraising for participants of eight anglophone countries in Africa for the Africa Alive! Initiative to raise awareness about the prevention of AIDS in the youth of Africa. The purpose of this training was to teach fundraising techniques, with special emphasis on empowering women, entrepreneurial techniques, advocacy, and creating alliances and relationships with the private

sector which benefit community development. Vibrante's training, followed by unique ongoing consultations and support beyond the training itself, resulted in tangible increase in funding for the participants.

For more information, contact: Susan C. O'Neal, Vibrante International, 4600 Connecticut Avenue NW, Suite 332, Washington, DC 20008, USA, tel: 202-244-0812, fax: 202-244-0784, e-mail: susaneal@aol.com

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- Annex 1 Selected Funding Sources for RHOs
- Annex 2 Profile of Individual Client
- Annex 3 Profile of Organizational Client
- Annex 4 Profile of Community Supporter
- Annex 5 Profile of Business Sponsor
- Annex 6 Profile of Donor
- Annex 7 Self-assessment of Organizational Strengths and Weaknesses
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Annex 1: Selected Funding Sources for RHOs

Name, Address, Contact Person	Major Areas of Involvement	Regional/Country Preferences	Major Conditions/Limits
BILATERAL AGENCIES			
Canada Canadian International Development Agency (CIDA) 200 Prommenade du Portage Hill, Quebec, Canada, K1A064 (Tel) 819 997 5006/ 800 230 6349 (Fax) 819 997 5510 http://www.acdi-cida.gc.ca/index.htm	Basic human needs Women in development Infrastructure services Human rights Democracy Private sector development Environment	Most assistance goes directly to low income countries.	Development Information Program – financially supports activities that inform Canadians about development in international cooperation issues. Will consider proposals seeking \$5,000 – \$250,000. Issues at least one request for proposal each year, issued by regular mail or electronic mail to organizations on mailing list. Call 1-800-230-6349 to be put on the mailing list.
Denmark Center for Udviklingsforskning, Gammel Korgevej 5, 1610 Kobenhavn (Tel) 33 85 4600 (Fax) 33 25 8110	Human rights and democratization Women and development Environment and development Poverty reduction	Bangladesh, Benin, Bhutan, Bolivia, Burkina Faso, Egypt, Eritrea, Ghana, Guatemala, India, Kenya, Mozambique, Nepal, Nicaragua, Niger, Tanzania, Uganda, Vietnam, Zambia, and Zimbabwe	Deadlines: 15 June and 15 December. Contact respective Danish Embassy for funding possibilities and procedures.
Finland Ministry for Foreign Affairs, P.O. Box 127, FIN - 00161, Helsinki (Tel) 358 9 1341 6370/ 6349 (Fax) 358 9 1341 6375 http://global.finland.fi/	Sexual and reproductive rights Social equity Democracy Human rights	All regions	Deadline: End of September.

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France Bureau de la Vie Associative (DEV/IVA) 20, rue Monsieur F- 75700 Paris 07 SP France http://www.france.diplomatie.fr	Health Education Rural development	Sub-Saharan Africa South Africa APC Countries (Africa, Caribbean, Pacific States)	Co-financing for French NGOs. Average grant size is FRF600,000 per project.
Germany GTZ Dag-Hammarskjold Weg 1-5, 65760 Eschborn GERMANY (Tel) 496179 0 (Fax) 496179 1115 http://www.gtz.de/home/english/	Health improvement Nutrition Disease control Reproductive rights	Developing countries	Maximum grant size is DEM200,000 per project. No Deadlines.
Ireland Irish Aid, Department of Foreign Affairs, 76-78 Harcourt Street, Dublin, Ireland (Tel) 353 1478 0822 http://www.irlgov.ie/iveagh/irishaid/	Capacity building Human rights Democracy Gender and social equality Food security Environment	Africa Near East	Deadlines and requirements vary by program. The role of women must be incorporated in each proposal. It is also important to integrate the environment into projects.
Japan Japan International Cooperative Agency (JICA) Shinjuku Mines Tower, 2-1-1 Yoyogi, Shibuya-ku, Tokyo (Tel) 03 5352 5311/5314 http://www.jica.go.jp	Medical care Public health Domestic water supply Rural and agricultural development Human resources development	Developing countries	The major targets of Japan's grant aid are aspects of Basic Human Needs (BHN) which are essentially low in profitability and cannot easily be funded by official development assistance loans.
Japan Foundation http://www.cgp.org Contact local Japanese Embassy for application	Healthcare Education Poverty Relief Public Welfare Environment	Developing countries	Support for projects proposed by NGOs/PVOs and local government authorities. Administered by the local Japanese Embassy not by JICA.

Name, Address, Contact Person	Major Areas of Involvement	Regional/Country Preferences	Major Conditions/Limits
Netherlands Netherlands Foreign Affairs Information Department, Postbus 20061, 2500 EB Den Haag, The Netherlands (Tel) 31 70 484660/6789 (Fax) 31 70 384418 http://www.minbuza.nl/english	Population Health and nutrition	Developing countries	Provide grants for: country programs, small embassy projects, co-financing organizations. Requirements vary by type.
Norway ODIN, 7 Juniplass 1, Postbox 8114 Dep. M-0032, Oslo, Norway (Tel) 4722 24 3600 (Fax) 4722 24 9580/81 http://www.odin.dep.no/ud/engelsk/	Poverty Reduction Empowerment and improved status of women Gender issues New and untried initiatives	Africa Asia Middle East Latin America	Deadline: 1 September.
Sweden Sida, 105 25 Stockholm, Sweden (Tel) 4686 98 5000 (Fax) 4682 08 864 http://www.sida.se	Economic growth Economic and social equity Economic and political independence Democratic development Protection of the environment Equality between men and women	Worldwide	Deadline: 1 October. Much of the Swedish humanitarian assistance is channeled through Swedish non-governmental organizations. Approximately 1/3 of Swedish development cooperation is channeled through various multilateral organizations, mainly UN agencies, the World Bank group, and the regional development banks.
United Kingdom Department for International Development (DFID) 94 Victoria Street, London SW1 E 5JL, U.K. (Tel) 44 1355 843132 (Fax) 44 1355 843632 http://www.dfid.gov.uk	Education Health and population Engineering and research Other areas	Developing countries	Supports activities which promote public knowledge and understanding of development issues, global interdependence, need for international development; and of the progress that has been made and that is possible. DFID will consider project proposals which fall within this broad aim.

Name, Address, Contact Person	Major Areas of Involvement	Regional/Country Preferences	Major Conditions/Limits
United States United States Agency for International Development (USAID) Center for Population, Health and Nutrition, Washington, DC 20523 (Tel) 202 712 5851 (Fax) 202 216 3046 http://www.usaid.gov	Reproductive health Family planning HIV/AIDS Child survival Nutrition Maternal health	Sub-Saharan Africa Asia and Near East Europe and Eurasia Latin America Caribbean	Funding provided through U.S.-based organizations or USAID country mission
MULTILATERAL AGENCIES			
European Union Department VIII/A/4 (NGOs) Directorate-General for Development Commission of the European Union, Rue de la Loi, 200 B-1049 Brussels, Belgium http://www.europa.eu.int/	Reproductive health HIV/AIDS	Africa Caribbean Pacific States	Applications should be submitted through local EU Delegation Offices.
Food and Agriculture Organization (FAO) Via Della Teme Di Caracalla, 1-00100 Rome, Italy (Tel) 39 0657 051 (Fax) 39 0657 053152 http://www.fao.org	Farming Forestry Fisheries Water and land management Rural development	Worldwide	
International Labour Organization (ILO) Route des Morillons 4, 1211 Geneva 22, Switzerland (Tel) 4122 799 6111 http://www.ilo.org	Promotion of social justice and internationally recognized human and labor rights	Worldwide	
Joint United Nations Programme on HIV/AIDS (UNAIDS) , 20 Avenue Appia, CH -1211 Geneva 27, Switzerland (Tel) 4122 791 3666 (Fax) 4122 791 4187 http://www.unaids.org	HIV/AIDS	Worldwide	No direct funding. Works through country-based staff of seven cosponsors: UNICEF, UNDP, UNFFPA, UNDCP, UNESCO, WHO, World Bank

Name, Address, Contact Person	Major Areas of Involvement	Regional/Country Preferences	Major Conditions/Limits
UNICEF 1866 United Nations Plaza, New York, NY 10017 (Tel) 212 686 5522/ 212 922 2620 (Fax) 212 779 1679 http://www.unicef.org	Formal and non-formal education programs Maternal and child health programs	Worldwide	Works with other United Nations bodies, governments, and non-governmental organizations (NGOs) to lighten children's loads through community-based programs. No information on funding found on website, contact field office for information.
UNDP 1 United Nations Plaza, New York, NY 10017 (Tel) 212 906 6978 (Fax) 212 906 6336 http://www.undp.org	Poverty Gender Environment Governance	Worldwide	For specific information about projects and programs contact UNDP and see "Classification Guidelines" document.
United Nations Educational and Scientific Cooperation Organization (UNESCO) 7 Place de Fontenoy, F-75700, Paris, France (Tel) 33 1 45 68 1000 (Fax) 33 1 45 67 1690 http://www.unesco.org	Education Science Cultural development Literacy Libraries	Worldwide	Support can be given only to projects presented to UNESCO by one of its Member States and included in the approved program and budget. This kind of request should therefore be brought to the attention of the National Commission for UNESCO of the applicant's country.
United Nations High Commission for Refugees (UNHCR) C.P. 2500 1211 Geneva 2, Switzerland (Tel) 41 22 739 8111 http://www.unhcr.ch	Welfare Aid to refugees	Worldwide	Funds for each special program are usually sought by issuing appeals, which can be launched, revised, and updated as required.
UNFPA 220 East 42nd Street, New York, NY 10017-5880 (Tel) 212 297 5384 (Fax) 212 297 4916 http://www.unfpa.org	Family planning Maternal and child health Population policy	Worldwide	Directs and manages programs, and channels funds for multilateral and bilateral projects and programs. Contact field office for more information.

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The World Bank 1818 H Street, N.W., Washington, DC 20433 (Tel) 202 473 9000 (Fax) 202 473 8231 http://www.worldbank.org	Education and training Health, nutrition, and population Gender issues Poverty reduction Rural and urban development	Worldwide	The major institution channeling loans for development. The small grants program supports policy analysis, dissemination, publications, and conferences.
World Food Programme Via Cesare Giulio Viola, 68, Parcode Medici, Rome, Italy 00148 (Tel) 39 06 6513 1 (Fax) 39 06 6590 632/637 http://www.wfp.org	Food-for-work projects Food to vulnerable groups	Worldwide	
The World Health Organization Avenue Appia 20, 1211 Geneva 27, Switzerland (Tel) 4122 791 2111 (Fax) 4122 791 0746 http://www.who.int	Technical assistance Disease prevention Research and training for reproductive health	Worldwide	Direct funding to programs addressing selected reproductive health issues. Other funds funneled through intermediaries.
INTERMEDIARIES AND PARTNERS			
Engender Health 440 Ninth Avenue, New York, NY 10001 (Tel) 212 561 8000 (Fax) 212 561 8067 www.engenderhealth.org	Reproductive health services	Bangladesh, Bolivia, Cambodia, Colombia, Dominican Republic, Ghana, Guatemala, Guinea, India, Indonesia, Jordan, Kazakstan, Kenya, Kyrgyzstan, Malawi, Mexico, Nepal, Mongolia, Morocco, Nigeria, Pakistan, Paraguay, Philippines, Russia, Senegal, South Africa, Tajikistan, Tanzania, Turkmenistan, Turkey, Uganda, United States, and Uzbekistan	Organization serves as intermediary. Funding requirements differ depending on primary funding source.
Academy for Educational Development (AED) 1825 Connecticut Avenue N.W. Washington, DC 20009 (Tel) 202 884 8000 (Fax) 202 884 8400 http://www.aed.org	Social marketing Health education	Worldwide	Organization serves as intermediary. Funding requirements differ depending on primary funding source.

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CEDPA 1400 16th Street NW, Suite 100 Washington, D.C. 20036 USA (Tel) 202 667 1142 (Fax) 202 332 4496 http://www.cedpa.org	Family planning and reproductive health Family life education Women's participation in empowerment Youth services International advocacy for women and girls	Field offices are located in: Egypt, Ghana, India , Mali, Nepal, Nigeria , South Africa	Grants administered through Promoting Women in Development (PROWID) Grants Program. For application guidelines e-mail the PROWID Program Assistant at lmrana@cedpa.org
The Futures Group 1050 17th St. NW, Ste. 1000, Washington, D.C. 20036 (Tel) 202 775 9680 (Fax) 202 775 9688 http://www.tfgi.com	Health Social marketing Research Training Evaluation Policy analysis	Sub-Saharan Africa Near East/Asia Latin America/Caribbean Europe/Newly Independent States	Organization serves as intermediary. Funding requirements differ depending on primary funding source.
IPPF Regent's College, Inner Circle, Regent's Park, London NW 1 4NS, UK (Tel) 44 171 487 7900 (Fax) 44 171 487 7950 http://www.ippf.org	Family planning Sexual and reproductive health	Worldwide	Activities are undertaken through member organi- zations.
JSI 44 Farnsworth St., Bos- ton, MA 02210-1211 (Tel) 617 482 9485 (Fax) 617 482 0617 http://www.jsi.com	Maternal, reproductive, child, and general health Human Services Nutrition Organizational development	Worldwide	Organization serves as intermediary. Funding requirements differ depending on primary funding source.
MSH 165 Allandale Road, Boston, MA 02130-3400 (Tel) 617 524 7799 (Fax) 617 524 2858 http://www.msh.org	Works collaboratively with health care policy makers, managers, providers, and consum- ers to help close the gap between knowledge and action in the field of public health	Worldwide	Organization serves as intermediary. Funding requirements differ depending on primary funding source.

Name, Address, Contact Person	Major Areas of Involvement	Regional/Country Preferences	Major Conditions/Limits
Marie Stopes International (MSI) 153-157 Cleveland Street, London W1P 5PG (Tel) 0171 574 7400 (Fax) 0171 574 7417 http://www.mariestopes.org.uk	Reproductive health	Albania, Angola, Bangladesh, Bolivia, Cambodia, Ethiopia, Haiti, Honduras, India, Kenya, Madagascar, Malawi, Mongolia, Mozambique, Myanmar, Nepal, Pakistan, Peru, Philippines, Romania, Sierra Leone, South Africa, Sri Lanka, Tanzania, Uganda, United Kingdom, Vietnam, Yemen, and Zimbabwe.	Organization serves as intermediary. Funding requirements differ depending on primary funding source.
PATH 4 Nickerson Street, Seattle, WA 98109-1699 (Tel) 206 285 3500 (Fax) 206 285 6619 http://www.path.org	Child and maternal health Reproductive health and family planning Communicable diseases Financing	Program sites in Bangkok, Jakarta, Lombok, Nairobi, Seattle, and Washington, DC. PATH project sites are located in Hanoi, Kiev, Manila, and New Delhi. PATH affiliate offices include PATH Canada, The Concept Foundation in Thailand, Fondazione PATH in Italy, and PATH Philippines Foundation.	Organization serves as intermediary. Funding requirements differ depending on primary funding source.
Pathfinder 1990 M. Street, NW, Suite 700, Washington, DC 20036 (Tel) 202 822 0033 (Fax) 202 457 1466 http://www.pathfind.org	Reproductive health and family planning	Africa Latin America Caribbean Asia Near East Asia	Organization serves as intermediary. Funding requirements differ depending on primary funding source.
PSI 1120 19th Street, NW, Suite 600, Washington, D.C. 20036 (Tel) 202 785 0073 http://www.psiwash.org	Child survival Family planning AIDS prevention Social marketing Empowering women Protecting youth	Worldwide	Organization serves as intermediary. Funding requirements differ depending on primary funding source.

Name, Address, Contact Person	Major Areas of Involvement	Regional/Country Preferences	Major Conditions/Limits
World Education 44 Farnsworth St., Boston, MA 02210-1211 (Tel) 617 482 9485 (Fax) 617 482 0617 http://www.worlded.org	Non-formal education for adults and children, with special emphasis on income generation, small enterprise development, literacy, education for the workplace, environmental education, reproductive health, maternal and child health, HIV/AIDS education, and refugee orientation.	Africa Asia Latin American United States	Organization serves as intermediary. Funding requirements differ depending on primary funding source.
FOUNDATIONS			
Aga Kahn Foundation 1-3 Ave de la Paix CP 2369 1211 Geneva 2 Switzerland (Tel) 22 736 0344 (Fax) 22 736 0948 http://www.hon.ch/Misc/Sponsor/aga_khan.htm Robert d'Arcy Shaw General Manager	Health	Bangladesh Canada India Kenya Pakistan Portugal Tajikistan Tanzania Uganda United Kingdom	Funding for programs only in countries where the Foundation has branch offices and local professional staff to monitor implementation. Applications to be made to the Foundation office where the proposal originates.
Baring Foundation 60 London Wall, London EC2M 5TQ UK http://www.baringfoundation.org.uk Toby John President	Medicine Social welfare Specifically in skills and training for women and displaced people	Sub-Saharan Africa Central/South America	Contact organization for funding guidelines
The Brush Foundation 3135 Euclid Ave, Suite 102 Cleveland, OH 44115 USA (Tel) 216 881 5121 (Fax) 216 881 1834 Sally Burton President	Family planning and reproductive rights Freedom of choice Adolescent sexuality and pregnancy Pilot family planning programs Emergency funds Seed money Technical assistance Conferences/seminars	Developing countries	Application form not required. Initial approach: letter. No deadline. Board meets May and October. Grants: US\$500-US\$32,500

Name, Address, Contact Person	Major Areas of Involvement	Regional/Country Preferences	Major Conditions/Limits
Compton Foundation 545 Middlefield Rd, Suite 178, Menlo Park, CA 94025 USA (Tel) 650 328 0101 (Fax) 650 328 0171 Edith Eddy Executive Director	Population Family planning General/operating support Program development Matching Funds	Sub-Saharan Africa Central America Mexico	Application form not required. Initial approach: brief 3-4 page proposal (not accepted by fax or e-mail). Board meetings: May, December. Final notification: 6 months Average grants: US\$100-US\$40,000
Diana, Princess of Wales Memorial Fund c/o The Grants Committee, The Diana, Princess of Wales Memorial Fund, The Country Hall, Westminster Bridge Road, London SE1 7PB, UK (Tel) 44 171 902 5500 (Fax) 44 171 902 5511 www.theworkcontinues.org/	Health AIDS Children Leprosy Homelessness Arts/Education	Areas of conflict	Applications accepted from the UK only.
The Ford Foundation 320 East 43rd Street, New York, NY 10017 USA (Tel) 212 573 4920 (Fax) 212 599 4584 http://www.fordfound.org Dr. Margaret Hempel Program Officer	Reproductive health Population Program development Technical assistance	Eastern Europe Africa Latin America Asia Middle East Southeast Asia Offices in: Bangladesh, Brazil, Chile, China, Egypt, India, Indonesia, Philippines, Mexico, Namibia, Nigeria, Russian Federation, Thailand, and Vietnam.	Apply through overseas offices (contact the Foundation for addresses). Application form not required. Initial approach: brief letter of inquiry, followed by formal proposal. Quarterly board meetings. Grants: field offices can approve up to US\$75,000. No support for programs for which substantial support from government or other sources is readily available.
France-Libertés Fondation 22 rue de Milan 75009 Paris, France (Tel) 331 5325 1040 (Fax) 331 4875 0878 Danielle Mitterand President	AIDS Human rights		For application of funds include benefits of project, description, history of conflict, budget, and timeline.

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Jephcott Charitable Trust Gappers Farm Membury Axminster Devon EX13 7TX; UK Meg Harris Secretary	Population control Health Quality of life	Developing countries	Grants mainly for smaller projects.
Bill and Melinda Gates Foundation P.O. Box 23350 Seattle, WA 98102 USA (Tel) 206 709 3100 (Fax) 206 709 3180 www.gatesfoundation.org	Global health Public health Nutrition Family planning Reproductive health	Worldwide	Letter of Inquiry required before proposal should include: <i>Objectives</i> : describe in detail the goals of the project. <i>Project Information</i> : provide details about how the organization plans to achieve these goals, as well as a brief timeline. <i>Funding Needs</i> : provide a brief statement of funding that your organization requires to achieve its objectives. <i>Organizational Information</i> : provide information on your organization, including past projects, previous grants, the qualifications of individuals involved in the project, a list of board members, if applicable, and citations to any organizational website.
General Service Foundation 411 East Main St, Suite 205 Aspen, Colorado 81611-2953 USA (Tel) 970 920 6834 (Fax) 970 920 4578 http://www.generalservice.org Marcie Musser	Reproductive health Family planning General/operating support Emergency funds Program development Seed money	Caribbean Latin America Central America Mexico	Brief letter of inquiry may be faxed; application form required. Initial approach: letter of inquiry, not longer than 4 pages. Board meetings: spring, autumn. Final notification: 6 months. Grants: up to US\$50,000

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William and Flora Hewlett Foundation 525 Middlefield Road Suite 200 Menlo Park, CA 94025-3495 USA (Tel) 650 329 1070 (Fax) 650 329 9342 www.hewlett.org Dr. Joe Speidel Program Officer	Population Family planning	Developing countries	Grants made primarily to US-based organizations, but no geographic limits on support for family planning projects. Initial approach: brief letter of inquiry, followed by formal proposal. Board meets quarterly.
John D. & Catherine T. MacArthur Foundation 140 South Dearborn St Suite 1100, Chicago IL 60603-5282 USA (Tel) 312 726 8000 (Fax) 312 920 6258 http://www.macfdn.org	Population Improving women's reproductive health Shared responsibility for sexual behavior, and childbearing and rearing	Brazil India Mexico Nigeria	Specific grantmaking guidelines. Initial approach: letter of inquiry.
Mackintosh Foundation 1 Bedford Square London WC2B 3RA; UK S (Tel) 44 20 7405 2000, (Fax) 44 20 7405 9421 S. Dennehy Appeals Secretary	Health Refugees	Less developed countries, especially Southeast Asia	Decisions made weekly for grants under 10,000 pounds. Grants over 10,000 pounds are decided every May and November.
Monument Trust 9 Red Lion Court London EC4A 3EB UK (Tel) 44 20 7410 0330 (Fax) 44 20 7410 0332, Michael Pattison	Health AIDS	Worldwide	Contact organization for funding guidelines.
Moriah Fund 1634 1st St, NW, Suite 1000 Washington, DC 20006 USA (Tel) 202 783 8488 (Fax) 202 783 8499 Mary Ann Stein President	Reproductive health Family planning General/operating support Program development Seed money Technical assistance	Russia Ukraine Latin America Israel	Application must include proposal checklist obtained from the foundation. Initial approach: letter, no more than 2 pages, received at least 1 month prior to deadline. Letters are reviewed throughout the year. Deadlines: 1 March, 1 August. Average grants: US\$25,000-US\$75,000.

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The Nippon Foundation, Sasakawa Memorial Health Fund The Sasakawa Hall, 3-12-12 Mita, Minato-Ku, Tokyo 108, Japan Tel: 03 3452 8281 Fax: 03 3452 8283	Human resource development Health care Food International cultural exchange Poverty Refugees Environment	Africa Southeast Asia	Contact organization for funding guidelines.
The David and Lucile Packard Foundation 300 Second St. Los Altos, CA 94022, USA (Tel) 650 948 7658 (Fax) 650 948 1361 http://www.packfound.org Sarah Clark, Ph.D. Director Population Program	Child health Family planning Reproductive rights Adolescents Population studies Program development Technical assistance	Ethiopia India Mexico Myanmar Nigeria Pakistan Philippines Sudan	Application form not required. Initial approach: proposal or letter of inquiry. Board meetings quarterly. Grants: US\$1,000 minimum.
The Rockefeller Foundation 420 Fifth Ave, New York, NY 10018 USA (Tel) 212 869 8500 (Fax) 212 764 3468 http://www.rockfound.org Dr. Steven Sinding Director, Population Sciences	Health and population Family planning Reproductive health Program development Technical assistance	Developing countries	Application form required for certain programs. Initial approach: proposal or letter of inquiry. Quarterly board meetings. Grants: US\$1,000 minimum. No support for attempts to influence legislation.
Weyerhaeuser Family Foundation Inc 332 Minnesota St, Suite 2100 St Paul, MN 55101 USA Nancy N Weyerhaeuser President	Population control Family planning Minorities Program development Seed money No grants for operating budgets or equipment		Application form required. Initial approach: submit written proposal from January through April. Program committee meets annually during early summer to review proposals. Grants: average US\$10,000-US\$20,000.

Name, Address, Contact Person	Major Areas of Involvement	Regional/Country Preferences	Major Conditions/ Limits
CORPORATE FOUNDATIONS			
AT&T 1301 Ave. of the Americas, Room 3100, New York, NY, 10019 (Tel) 800 428 8652 http://www.att.com/home	Innovative technology solutions	Worldwide	Grants awarded primarily to U.S.-based organizations, many who work internationally.
Abbott Laboratories Fund Dept. 379, Bldg 14C, One Abbott Park Road, Abbott Park, Illinois 60064 (Tel) 708 937 7075 http://www.abbott.com/community	Human health and welfare Elementary, secondary, and higher education Culture, the arts, and civic activities	Abbott communities worldwide	U.S.-based recipients. The application should cover: mission statement; evidence of tax exempt status; amount requested; last audited financial statement; budget information; list of corporation, foundations, and other supporting organizations.
BPAmerica International Headquarters of BP America, Britannic House, 1 Finsbury Circus, London EC2M 7BA (Tel) 44 171 496 4000, (Fax) 44 171 496 4630 http://www.bp.com		Information not available on website	Contact foundation directly for funding guidelines.
Johnson & Johnson One Johnson & Johnson Plaza, New Brunswick, NJ 08933 (Tel) 732 524 0400 http://www.johnsonjohnson.com	Health care with focus on infants and children	Worldwide	Contact foundation directly for funding guidelines.
Schering-Plough One Giralda Farms, Madison, NJ 07940-1010 (Tel) 973 822 7000 (Fax) 973 822 7048 http://www.Schering-Plough.com	General education Health care Culture and arts Social and civic welfare	Schering-Plough communities around the world	Proposal should include: specific purpose of funding; background information of project; statement of major projects; evidence of tax exempt status; last audited financial statement; budget; copy of annual report. Deadline-July for Fall decision.

Name, Address, Contact Person	Major Areas of Involvement	Regional/Country Preferences	Major Conditions/Limits
Xerox Foundation PO Box 1600/800 Long Ridge Road, Stanford, Connecticut 06904 (Tel) 650 813 6950 http://www.xerox.com Mr. Joseph M. Calahan	Education Employability Cultural Affairs	Worldwide	No specific application form is used. Grants awarded to tax-exempt organizations. Grant reviews take place monthly. Grants approved for 1-3 years in length.
PRIVATE VOLUNTARY ORGANIZATIONS			
CARE 151 Ellis Street NE Atlanta, GA 30303-2439 (Tel) 1-800-422-7385 http://www.care.org	Education Emergency relief Food security Water and sanitation Economic development Environment Reproductive and children's health	Worldwide	Does not provide direct funding, but works in cooperation with organizations with similar projects. Provides technical assistance.
PLAN International Chobham House, Christchurch Way, Woking, Surrey GU21 1JG, United Kingdom, (Tel) 44 1483 755155, (Fax) 44 1483 756505 http://www.plan-international.org	Children's health and education Environment Economic stability	Africa Asia South America Central America	Does not provide direct funding, but works in cooperation with organizations with similar projects. Provides technical assistance.
Project HOPE International Headquarters Health Sciences Education Center Millwood, VA 22646 (Tel) 540 837 2100 (Fax) 540 837 1813 http://www.projhope.org	Humanitarian assistance Primary/preventive health Medical education and training Health systems development Health care policy	Worldwide	Contact PVO directly for funding guidelines.
Save the Children 54 Wilton Road Westport, CT 06880 (Tel) 1 800 243 5075 http://www.savethechildren.org	Health and nutrition Education Economic opportunities Emergencies Children in Crisis	Africa/North Africa Latin America/Caribbean Middle East Southeast Asia/Asia	Contact PVO directly for funding guidelines.

Name, Address, Contact Person	Major Areas of Involvement	Regional/Country Preferences	Major Conditions/Limits
VOLUNTARY SERVICE ORGANIZATIONS			
Japan Overseas Cooperation Volunteers (JOCV) Japan International Cooperative Agency, Shinjuku mines Tower, 2-1-1 Yoyogi, Shibuya-ku, Tokyo (Tel) 03 5352 5311/5314 http://www.jica.go.jp	Education Development Agriculture	Africa Middle East Asia Oceania Eastern Europe	Contact organization for funding guidelines
Peace Corps 1111 20th Street NW Washington, D.C. 20526 (Tel) 1 800 424 8580 http://www.peacecorps.gov	Education Business Environment Agriculture Health and Nutrition Community development	Africa The Pacific Europe/Mediterranean Central/East Asia	Contact organization for funding guidelines
Volunteer Service Overseas (VSO) 317 Putney Bridge Road, London SW15 2PN, UK (Tel) 44 20 8 780 7200 (Fax) 44 20 8 780 7300 http://www.vso.org.uk		Asia Africa Pacific Islands Eastern Europe Russia	Contact organization for funding guidelines

Note: This list is for guidance only. It includes major donors with the widest range of family planning/reproductive health interests, who allocate large grants, and who do not have too many country or regional restrictions. There are other donors with interests in particular countries or regions.

Most donors have:

- Specific guidelines for proposals
- Restrictions on the type of project they are willing to fund
- Restrictions on the location of projects
- Limits on the amount they will give to any one project/organization/country

In order not to waste your time and theirs, it is advisable to obtain as much information about the above before submitting a proposal, and to target only those donors whose criteria your project can fulfill.

Annex 2: Profile of Individual Client

Name of client	
<ul style="list-style-type: none"> • Age • Sex • Ethnicity • Occupation • Education level • Wealth/income • Address/residence • How far does this client live from your service delivery point? 	
Use of reproductive health services <ul style="list-style-type: none"> • What RH products and services is the client currently using? • How frequently and consistently does the client use that method? • Has the client switched methods? • What benefits is the client seeking? • Is the client satisfied with the products and services being used? • What aspect is the client least happy with? 	
Which facilities? <ul style="list-style-type: none"> • Is this a current client/user of your facility?/ Has this client ever used your facility?/ How long ago? • Where (else) does the client go for RH services? • Why does the client go to this provider? • Are they satisfied with this provider? • What aspect is the client least happy with? • Where does the client go for health services? 	
Perceptions of your RHO <ul style="list-style-type: none"> • What sources of information does the client use to identify a provider? • How does the client perceive your RHO in relation to other providers? • What criteria does this client use to judge the quality and appropriateness of the products and services provided? • What aspect of your RHO is this client least happy with? • What does this client like most about your RHO? 	

Annex 3: Profile of Organizational Client

Name of organization	
Contact information <ul style="list-style-type: none"> • Contact person • Address • Tel/Fax Number • E-mail/Web site 	
Type of organization <ul style="list-style-type: none"> • How big is the organization? (revenues/staff) • Is it commercial or not-for-profit? • In what industry sector is it? • What proportion of employees are female? • What is the average age of the workforce? • How far is it from your service delivery points? 	
Purchasing procedures <ul style="list-style-type: none"> • What kind of bidding procedure is used to secure outside services? • What is its purchasing criteria (cost, convenience, etc.)? • What sources of information are used to identify a service provider? 	
Provision of health or reproductive health services for its staff. <ul style="list-style-type: none"> • Are any RH services provided? • Are they provided in-house or purchased from another provider? • Do any staff or managers have any contact with your facilities? • How is your RHO perceived in relation to alternative providers? 	
In-house reproductive health services for its own staff <ul style="list-style-type: none"> • What facilities are on-site and what RH services are provided? 	
Reproductive health services purchased outside <ul style="list-style-type: none"> • What services does it get? • How frequently and on what scale? • Who are the providers? • How long have they provided these services? • Why were they chosen? • What criteria are used to judge quality and appropriateness? 	

Name of organization	
What <i>other social services</i> has the organization purchased in the past for its employees? <ul style="list-style-type: none">• What type?• What scale?• Over what period?• Who are the providers?• Why was this provider chosen?• What criteria are used to judge quality and appropriateness?	
What <i>administrative services</i> has the organization purchased in the past for its employees? <ul style="list-style-type: none">• What type?• What scale?• Over what period?• Who are the providers?• Why was this provider chosen?• What criteria are used to judge quality and appropriateness?	

Annex 4: Profile of Community Supporter

Name of community supporter	
<ul style="list-style-type: none"> • Age • Sex • Education • Religious background • Residence 	
Association with your organization <ul style="list-style-type: none"> • Has he/she used your facility? • Does he/she have friends or family who have used your facility? • Has he/she supported your RHO before? • How? (cash, volunteer, in-kind) 	
Associations with other groups <ul style="list-style-type: none"> • Does he/she support other NGOs in the community? • Which ones and why? • What community associations or groups does this supporter belong to? 	
Attitudes to your RHO and RH <ul style="list-style-type: none"> • Does he/she know what your RHO does? • Does he/she approve of your RHO? • What does he/she like about your RHO? • What does he/she not like about your RHO? 	

Annex 5: Profile of Business Sponsor

Name of business	
Contact information <ul style="list-style-type: none"> • Name of individual in your RHO who has contact with the business • Contact person in the business • Address • Tel/Fax Number • E-mail/Web site 	
Annual report or any other documentation?	
Their business <ul style="list-style-type: none"> • What products or services does it provide? • Are these of possible interest to your RHO? 	
Policy of giving <ul style="list-style-type: none"> • Does the business have a policy of corporate giving? What is it? • What is its motivation for giving? 	
Type of support provided <ul style="list-style-type: none"> • What type of support has it provided before and to whom? • Has it ever sponsored events or organizations? • Does it have spending limitations? • What level of support does it normally provide? 	
Funding mechanism <ul style="list-style-type: none"> • What is its procedure for reviewing appeals for support? Are there any deadlines/timetable for: <ul style="list-style-type: none"> • Acceptance of proposal? • Review of proposals? • Decision-making? • When funding becomes available? 	
Proposal requirements <ul style="list-style-type: none"> • What type of application for support is required? • Requirements once support is provided (e.g., reporting conditions)? 	

Annex 6: Profile of Donor

(Bilateral, Multilateral, Foundation, National and Local Government, Voluntary)

Donor name	
Contact information <ul style="list-style-type: none"> • Contact person • Address • Tel/Fax Number • E-mail/Web site 	
Annual report/other documentation?	
Programmatic priorities <ul style="list-style-type: none"> • What are the (5) priority topics? • Through what programs could RH activities be supported (e.g., education, health, reproductive health)? 	
Health priorities <ul style="list-style-type: none"> • Within health, what are the (5) priorities? • Any future projects in RH planned? • Any interest in involving your RHO in these plans? 	
Geographic priorities <ul style="list-style-type: none"> • Where in your country does this donor work? • Are there preferences or limitations in terms of where support is provided? 	
Type of support provided <ul style="list-style-type: none"> • In-kind, grants, loans, endowments? 	
Funding limitations <ul style="list-style-type: none"> • Maximum, minimum, average size 	
Funding mechanism <ul style="list-style-type: none"> • Directly or through intermediary (who?) • What is the donor's role? 	
Funding cycle <p>What is the timetable and deadlines for:</p> <ul style="list-style-type: none"> • Acceptance of proposal • Review of proposals • Decision making • When funding becomes available 	

Donor name	
Proposal requirements <ul style="list-style-type: none"> • What type of application is required? (Letter of intent, formal proposal, financial statements, resumes of staff) • What should be the content and size of the proposal? • What are the award criteria? • Are there printed guidelines, applications forms, copy of an example of a good proposal? 	
Requirements once support is provided <ul style="list-style-type: none"> • Reporting or other conditions 	

Annex 7: Self-assessment of Organizational Strengths and Weaknesses

Using the self-assessment tool

This annex is designed to help you systematically review your own organization's systems and operations. It consists of a series of questions and related statements that are scored from weak (1) to strong (4). These highlight functional areas that have important implications for an organization's ability to adapt to its changing environment. They do not constitute an exhaustive list of elements of an effectively managed organization, but the process of addressing these questions is a useful starting point for what should be a continuing process of organizational self-assessment and renewal.

- Discuss each statement with the other members of your group and reach a consensus on the extent to which it describes a current **strength** or a **weakness** of your organization.
- Mark the scale next to the statement accordingly.
- Compute a series of summary scores as you complete the schedule of questions.
- Compute the average score for each question.
- Use the overall assessment scores for each question to compute the average score for each of the three groups of questions—enter these in the last box, and note the key strengths and weaknesses you have identified in the space provided.

Mission and leadership

Strength	Weakness			Is there a unity of purpose within the organization?
4	3	2	1	A mission statement clearly articulates a shared common purpose for the organization.
4	3	2	1	Staff in all functions at all levels share a common set of values and beliefs that they reflect in their organizational activities.
4	3	2	1	There is agreement about which clients are to be served.
4	3	2	1	There is a shared vision of what the organization is seeking to accomplish and of the principal strategies to be used.
4	3	2	1	Overall assessment: Shared Vision and Mission
Strength	Weakness			Is there effective leadership?
4	3	2	1	Leadership is a shared responsibility among many staff at various levels.
4	3	2	1	Senior executive staff routinely and regularly reference the organization's shared values and mission in communicating with staff and with external stakeholders.

Strength	Weakness			Is there effective leadership? (cont.) Senior executive staff and managers routinely work to foster a work atmosphere that encourages and facilitates cooperative relationships among staff at all levels. The organization exercises a leadership role in its community, both as an advocate for its clients and as a reliable partner for other organizations sharing similar or related goals. Overall assessment: Organizational Leadership
4	3	2	1	
4	3	2	1	
4	3	2	1	
4	3	2	1	
Strength	Weakness			Is there a commitment to financial sustainability? Opportunities for local alternatives to donor financing of the organization's services are pursued. Donor funding is rising less rapidly than other sources of income. Reliance on a few donors is decreasing. Cost recovery (client fees) systems are in place or are being developed. Overall assessment: Financial Sustainability
4	3	2	1	
4	3	2	1	
4	3	2	1	
4	3	2	1	
4	3	2	1	

Management Systems and Operations

Strength	Weakness			Is there an established system of strategic and annual planning in place? A three-to-five year strategic plan for achieving organizational objectives exists and is reviewed annually and modified appropriately to reflect changing circumstances. The strategic plan incorporates financing implications and needs of programmatic goals and objectives. There is an annual planning process to set program goals and budget. A written annual operating plan includes a timeline and assigned responsibilities. Overall assessment: Strategic and Annual Planning
4	3	2	1	
4	3	2	1	
4	3	2	1	
4	3	2	1	
4	3	2	1	
Strength	Weakness			Are there basic accounting and financial management systems in place to support programmatic operations? Accounting system (standards, policies, records, reporting) exists, functions, and is supported with written procedures and guidelines. Approved versus actual budget expenditures, revenues, and cash flows are reviewed at least quarterly---variances are explained and budgets are revised as appropriate. Managers and program supervisors receive financial information on expenses and income, and use it to make program decisions for which they are accountable. Accounting systems can segregate the costs of delivering each principal product/service. Overall assessment: Financial Management Systems
4	3	2	1	
4	3	2	1	
4	3	2	1	
4	3	2	1	
4	3	2	1	

Strength				Weakness				Are there basic program management systems in place?
4	3	2	1					System for routinely collecting information about program operations is in place (re: product/service mix, utilization levels and patterns, client profiles, etc.).
4	3	2	1					Operations are guided by an implementation plan against which performance is regularly monitored and evaluated.
4	3	2	1					Service quality guidelines are in place and routinely used by staff to monitor operations.
4	3	2	1					Unit cost per benefit/client can be calculated for each main service.
4	3	2	1					Overall assessment: Program Management
Strength				Weakness				Is there a marketing function that is staffed and operational?
4	3	2	1					Information on the needs and wants of target clients or beneficiaries is collected or regularly updated, and periodically reviewed in relation to the product/services offered.
4	3	2	1					Client satisfaction and needs are regularly assessed.
4	3	2	1					Information is regularly collected on availability and prices of services offered by actual or potential competitors.
4	3	2	1					Marketing plan exists and responsibility for its implementation is assigned to specific individuals.
4	3	2	1					Overall assessment: Marketing
Strength				Weakness				Are programs operated efficiently?
4	3	2	1					Client volume is steady or increasing over time.
4	3	2	1					Operating costs compare favorably to those of other organizations with similar services and clients.
4	3	2	1					Resources are shared within a collaborative network of other organizations providing similar or related products and services to intended clients and beneficiary communities.
4	3	2	1					Overall assessment: Program Efficiency

Strength		Weakness		Is there a role for community participation in organizational operations? Information about current or planned services is shared with intended beneficiary communities. Consultative mechanisms facilitate community input to decision-making. Community members sit on the organization's governing body (e.g., board of directors or trustees). Overall assessment: Community Participation
4	3	2	1	
4	3	2	1	
4	3	2	1	
4	3	2	1	

Structure and Staffing

Strength		Weakness		Are basic personnel systems in place and operational? Internal regulations governing staff rights and obligations (e.g., working hours, entitlements, discipline, codes of conduct, etc.) exist, function, and are supported with written procedures and guidelines. Staff are encouraged to make suggestions and to share ideas to improve organizational performance. Staff are trained to facilitate backup coverage of multiple functions. Staff are given opportunities for personal professional growth. Productivity indicators exist and are used to evaluate field staff and supervisor performance on a regular basis. Overall assessment: Personnel Systems
4	3	2	1	
4	3	2	1	
4	3	2	1	
4	3	2	1	
4	3	2	1	
Strength		Weakness		Does the organizational structure facilitate effective communication and decision-making? There are clear lines of authority and responsibility within the organization, and reporting relationships are well defined. The decision-making process includes routine follow-up activities to ensure timely and effective action once decisions are made. Communication lines are clear and facilitate the flow of information upwards to top leadership as well as downwards to field managers and their staff. Overall assessment: Communication Structures
4	3	2	1	
4	3	2	1	
4	3	2	1	
4	3	2	1	

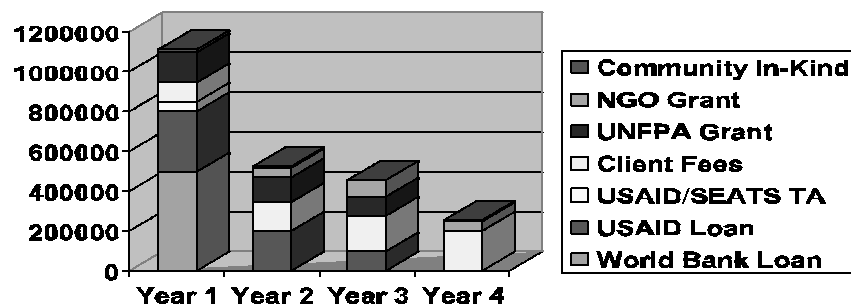
Overall Assessment

<p>Strength Weakness</p> <p>4 3 2 1</p>	<p>Mission and Leadership</p> <p><u>Areas of strength</u></p> <p><u>Areas for improvement</u></p>
<p>Strength Weakness</p> <p>4 3 2 1</p>	<p>Management Systems and Operations</p> <p><u>Areas of strength</u></p> <p><u>Areas for improvement</u></p>
<p>Strength Weakness</p> <p>4 3 2 1</p>	<p>Structure and Staffing</p> <p><u>Areas of strength</u></p> <p><u>Areas for improvement</u></p>

Annex 8: Analysis of Income—A Case Study

Type of Resource	Purpose	Source	Amount per year				Comments and Plans for Continuing
			1	2	3	4	
Loan	Construction	World Bank	500,000				Not necessary to repeat
Loan	Operating Exp.	USAID	300,000	200,000	100,000		Must replace subsidy
Fees	General Support	Clients	100,000	150,000	175,000	200,000	Depends on demand and the ability to pay
Grant	Technical Asst.	USAID/SEATS	50,000				Project ending
Grant	Commodities	UNFPA	150,000	120,000	100,000		Need to find additional sources
Grant	Adolescents	NGO		50,000	80,000	50,000	Hopefully become self-sustaining
In-Kind	Building Const. and Maintenance	Community Volunteers	10,000	5,000	5,000	5,000	Hopefully community will continue to provide building maintenance
Total			1,110,000	525,000	460,000	255,000	

* All amounts in U.S. dollars



This table and graph summarize features of the income of an organization that is running a community clinic. The steep fall in income from Year 1 to Year 2 is not as alarming as it might first appear to be. Most of this decrease is accounted for by the end of the World Bank loan which covered one-time building, construction, and equipment costs, outlays which do not need to be repeated in the short term.

However, putting that investment to one side, the income intended for routine management is also falling so that by Year 4 it is at only half its original level. This is cause for concern. The income from fees is fairly steady but donor funding tapers off quite quickly. Donors are usually unwilling to support an organization indefinitely, and expect organizations to eventually fend for themselves.

Knowing all this ahead of time gives the organization the chance to develop long-term plans to secure adequate financing.

Annex 9: Identifying a Suitable Fee for Your Goods and Services

Make a list of the goods and services you are considering charging (or charging more) for:

For each one, fill in a table such as that below:

- Identify main alternative providers or sources and the fee charged by them.
- Describe any difference between your product (or service) and theirs in terms of clients served or quality.
- Note the fee, if any, that you currently charge.
- Consider what might be a reasonable fee to charge given the information you have now collected.

NAME of the GOOD or SERVICE		The fee you currently charge	
Name of other providers	The fee they charge	Differences/similarities between you and them in:	
		Clients served	Quality of product/service
Proposed fee:		Why this amount:	

Annex 10: Identifying Program-related Goods and Services to Offer Organizational Clients

Make a list of the goods and services that you offer individual clients or provide internally to support your own program:

For each one, fill in a table such as that below:

- Identify any other organizations that offer these goods or services.
- Identify organizations that purchase their products/services and get opinions from them concerning the nature/quality of these.
- Describe any difference in quality between these products/services and the ones you could offer.
- Note the cost to you of making that product or service available to another organization.
- Consider what might be a reasonable fee to charge given the information you now have.

NAME of the GOOD or SERVICE		The cost of making it available to another organization	
Name of other providers	The fee they charge	Differences and similarities between you and them in terms of the nature and quality of the product or service	Organizations that purchase their products/services
Proposed fee:		Why this amount:	

Annex 11: Special Events Checklist—Twelve Week Planning Guide

Item	Person Responsible	Task Completed?	Comments
Preliminary steps			
Coordinator selected			
Committee members recruited			
Theme established			
Date set			
Location selected			
Price determined			
Committees determined			
Publicity			
Tickets			
Entertainment			
Business sponsorship			
Set-up and clean-up			
Week 1			
Location confirmed in writing			
Tickets and posters designed			
Week 2			
Tickets and posters to printer			
Sponsorship list developed			
Ticket strategy designed			
Public relations planned			
Week 3			
Finalize sponsorship list			
Week 4			
Tickets and posters printed			
Status meeting with committees			

Item	Person Responsible	Completed?	Comments
Week 5			
Article placed in newspaper, etc.			
Week 6			
Distribute posters			
Begin to sell tickets			
Sell tickets to businesses			
Week 7			
Promote and sell tickets			
Second article placed in paper			
Week 8			
Confirm all volunteers for event			
Continue ticket sales			
Third article placed in paper			
Weeks 9-10			
Aggressive ticket sales			
Increase advertising activity			
Weeks 11-12			
Facility, food, and entertainment checked, rechecked, and checked again!			
After the event			
Thank the volunteers, the staff, and the Board			
Thank the facility managers			
Thank all donors			
Send a letter to the newspaper thanking all the attendees			
Get feedback from the committee members			
Evaluate the event			

(Adapted from Leslie Brody, Effective Fund Raising, 1994)

Annex 12: Checklist for Reviewing Proposals to Donors

Summary: Clearly and concisely summarizes the request

- ☐ Appears at the beginning of the proposal
- ☐ Identifies the applicant
- ☐ Includes at least one sentence on credibility
- ☐ Includes at least one sentence describing the problem
- ☐ Includes at least one sentence relating to the project objectives
- ☐ Includes at least one sentence on methods
- ☐ Includes total cost, funds already obtained, and the outstanding amount required
- ☐ Is brief, clear, and interesting

Introduction: Describes the applicant agency and its qualifications for funding (credibility)

- ☐ Clearly identifies the source of the proposal
- ☐ Describes the applicant agency's purposes and goals
- ☐ Describes the applicant agency's programs and activities
- ☐ Describes the applicant agency's previous/current clients
- ☐ Provides evidence of the applicant's accomplishments
- ☐ Is brief, interesting, and free of jargon

Problem statement/Needs assessment: Documents the needs to be met or problems to be addressed by the proposed activities and/or funds

- ☐ Relates to the purposes and goals of the applicant agency
- ☐ Is of reasonable dimensions (not trying to solve all the world's problems)
- ☐ Is supported by evidence and/or statements from authorities
- ☐ Is stated in terms of client's needs—not the applicant's needs
- ☐ Is not stated in terms of "the lack of a program"
- ☐ Does not make unsupported assumptions
- ☐ Is free of jargon, is as brief as possible, but makes a convincing case

Goals and objectives: Describes outcomes of the project in measurable terms

- ☐ At least one objective for each problem which is to be addressed by the project
- ☐ The objectives describe the results—not how the results will be achieved
- ☐ Describes clearly who will benefit from the project
- ☐ States the time by which the objectives will be achieved
- ☐ The objectives are measurable

Methods: Describes the activities to be carried out to achieve the objectives

- ☐ Flows naturally from the problems and objectives
- ☐ Clearly describes the project activities
- ☐ States reasons for the selection of strategies and activities
- ☐ Describes the sequence of activities
- ☐ States who will be responsible for which activities
- ☐ Presents a reasonable scope of activities that can be carried out within the timeframe and resources of the project

Monitoring and evaluation: Includes a plan for monitoring progress in project implementation and for evaluation of project effectiveness

- ☐ Describes the indicators that will assist in monitoring and evaluating project accomplishments
- ☐ Presents a plan for evaluating project achievements
- ☐ States who will be responsible for monitoring project implementation
- ☐ States who will be responsible for project evaluation
- ☐ Explains any instruments or questionnaires to be used
- ☐ States when formal monitoring and evaluation will be carried out

Sustainability: Contains a plan for continuation of project activities beyond the life of the current project

- ☐ Presents a specific plan to obtain future funding if program will require continued financial support
- ☐ Describes how the project will seek to develop self-reliance for continuation of project activities beyond the project period

Budget: Identifies total project costs, existing source of funding, and net costs requested

- ☐ Supports information given in the description of the project
- ☐ Is sufficiently detailed to identify all calculations and unit costs
- ☐ Does not include any unexplained amounts
- ☐ Includes all items to be charged to the project
- ☐ Includes all items to be paid by other sources
- ☐ Is reasonable and sufficient to perform the tasks described

(Source: Integrating Reproductive Health into NGO Programs, Volume 1: Family Planning by Joyce V. Lyons and Jenny A. Huddart, Family Planning Service Expansion and Technical Support Project, 1997)

Annex 13: Proposal Budget Worksheet

Description inputs	Requested amount	RHO's share	Partner's share	Project total
Personnel				
Fringe Benefits				
Materials				
Supplies				
Equipment				
Construction/renovation				
Travel				
Contractual services				
Training				
Other				
Subtotal				
Indirect costs ____ percent				
TOTALS				

(Adapted from Leslie Brody, Effective Fund Raising, 1994)

Annex 14: Budget Justification

Budget item	Why is it needed?	Which goal(s) and objective(s) does it support?



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